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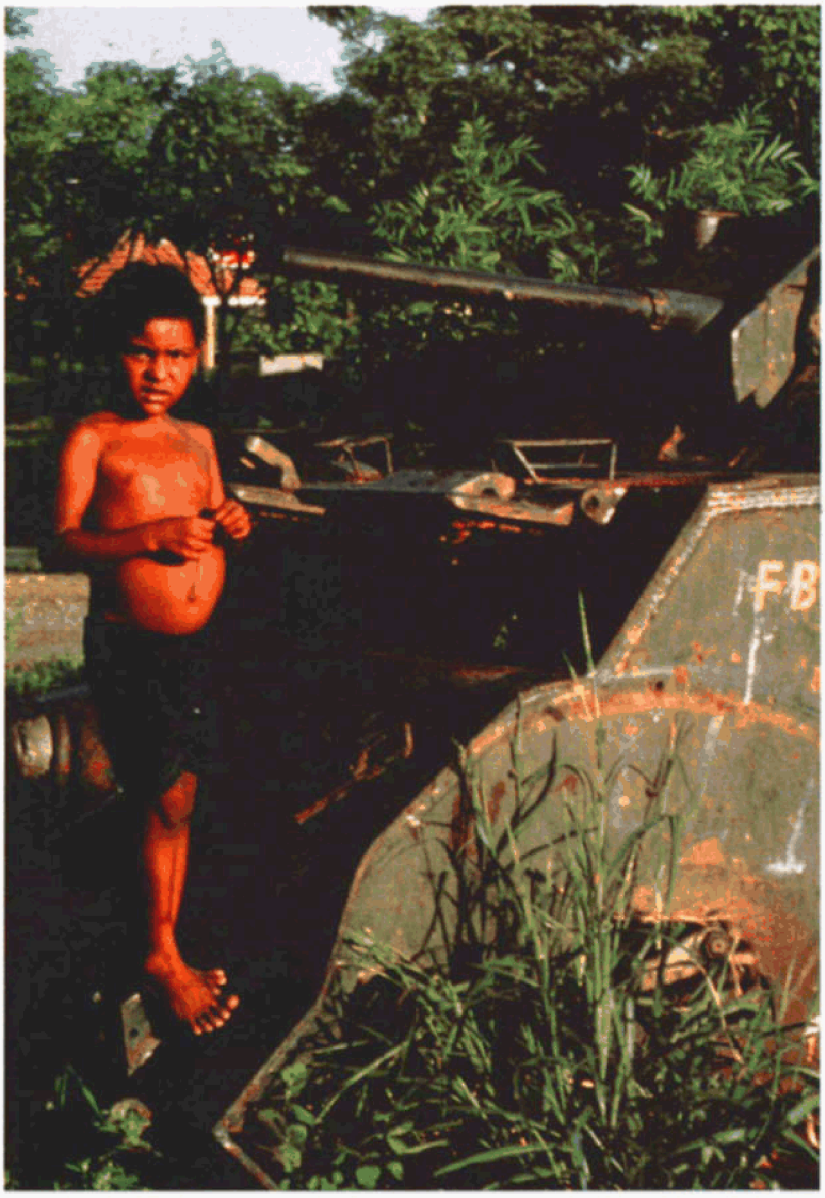

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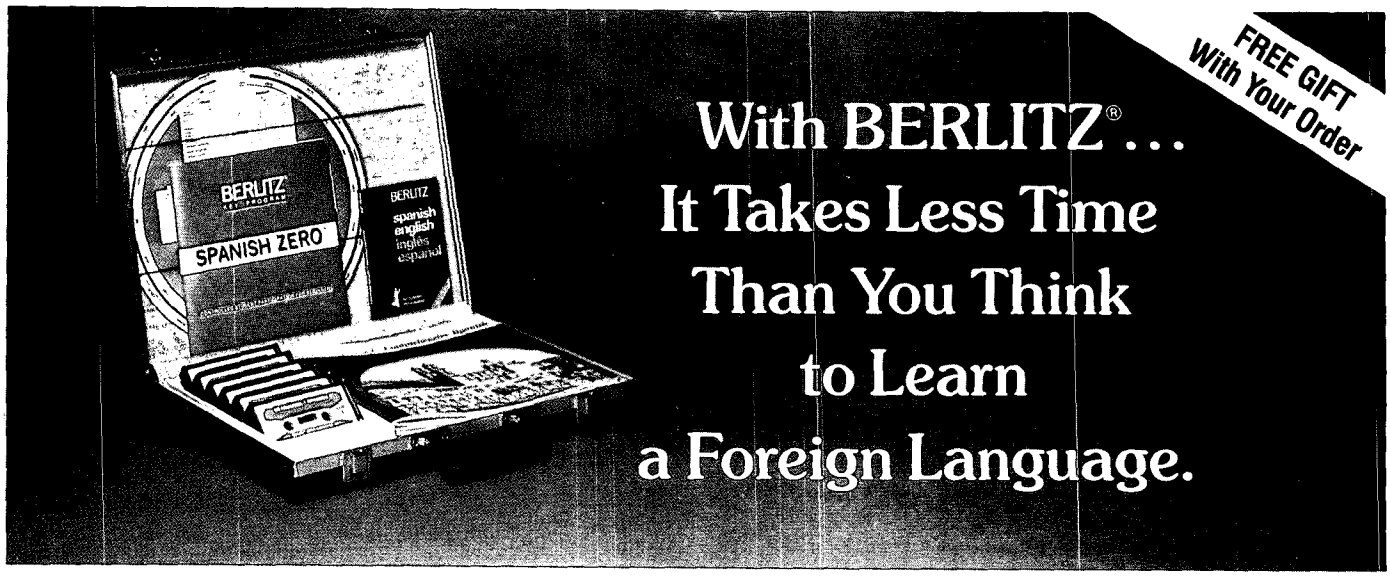

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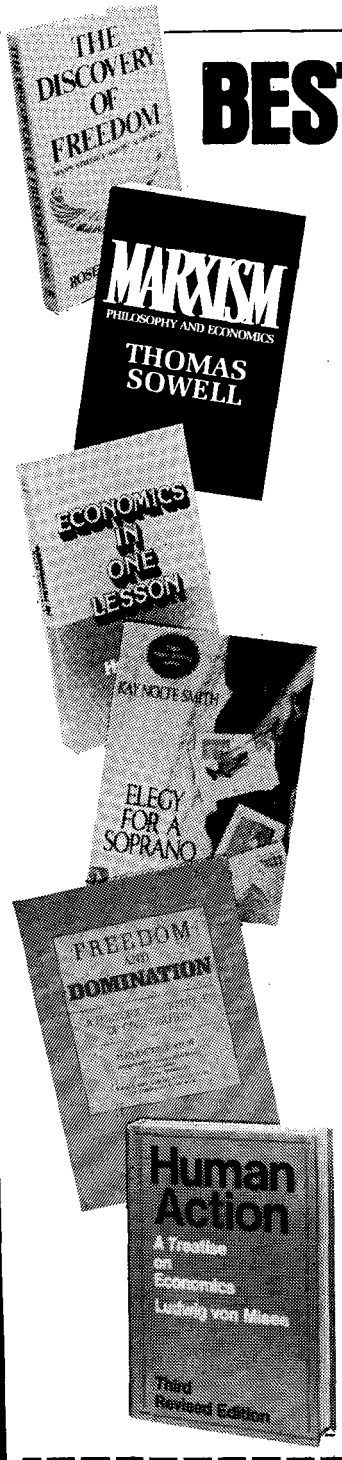

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How Can Anyone Make $2,000 An Hour?

Claim a share of your $25,000,000,000 the Gov't. holds!

Would you like $2,000 for just making a few phone calls and looking in some phone books? That is all you have to do to enjoy this kind of money. If you can read English and can talk on the phone, you can make thousands of dollars in a few hours—and you don't have to do any selling at all.

I am going to show you how you can make $2,000 an hour. This ad will also explain every detail of an exciting new business that has never been advertised or attempted before—what's more, you can enter with no money.

Life was not always rosy for me. I got involved in a bad business investment two years ago and I lost more than $11,000. I lost every cent I had, even money I didn't have. I worked as a clerk by day and a waiter by night. I never really liked cleaning tables, but what else could I do? I had to stop disappointing my loved ones. I remember coming home on Mother's Day really anxious to call my mother, only to find the phone disconnected. I went through my mail and prayed for some good news, only to find an envelope with no return address—it contained an eviction notice. We were fortunate to have relatives that were kind enough to let us stay with them. I didn't know that being in debt could hurt so much. I prayed for a way out.

In the depth of my despair, I received a funny-looking letter. When I first saw it, I thought it was another creditor making a claim on me. The letter told me about money that was rightfully mine—it said that if I signed the enclosed form, I would receive $2,592.59. Things were so bad that I had nothing to lose, so I signed the form neatly and returned it to the company.

Ten days later I received a check for $2,592.59. With an explanation. A distant aunt had died and left $4,320.98 in her savings account. The company that found me collected $1,728.39. The firm had no trouble finding out that I was related to her. Just for matching up people with the same last names, that company was making millions every year.

I was so excited that I was compelled to find out more about this great opportunity. One out of ten of all Americans have forgotten or lost money in bank accounts, stocks, insurance premiums, etc., worth as much as the amount of $10 bills you could lay end-to-end around the world: **$25 billion.** I will disclose a plan to you that will show you how to get your hands on this money.

$20,000 In 30 Minutes

Twenty-five billion is just sitting there waiting for someone to recover it. I picked up three phone directories and made some calls. I contacted an 81-year-old Virginia widow. Her husband had left $61,251 in a bank account 20 years earlier. She had an unlisted phone number but her address was in an earlier phone book. She had lived at the same address for 50 years. A certified letter informed her of her money. The finder's fee for that job was $20,416—not bad for 30 minutes work, don't you agree? **Never in my life have I ever been paid so much for looking up a name in the phone book.**

I got a C-minus average in high school—one year, I got an F in English. By no means was I ever considered to have the smarts. **All you have to do to make $2,000 an hour is thumb through phone books and make a few calls.**

My family and I have always loved the beach, so last summer we moved into a $250,000 home by the sea. The amount of money I was making was incredible. Last month I deposited more than $30,000. Just as a hedge against taxes, I bought two 3-bedroom houses valued at $200,000. I asked everyone in my family what they wanted the most and they said they wanted to see all of us together going places. In the past month we have visited three countries. In fact, we take a vacation every month. It's great seeing the joy in everyone's eyes as I spend more time with them. **All of this for thumbing through the phone book.**

Only 10% of the rightful owners claim their share of the $25,000,000,000. The states, not surprisingly, make no real effort to contact the rightful owners. Why should they, when unclaimed property is their biggest source of revenue, second only to taxes? The states are required by law to make a list of unclaimed owners. These lists are hard to find but I will show you how to get every one that the states publish. **And in most cases, they're free.**

Let me give you a random sample list from the state of Wisconsin. (Addresses are included in the lists.)

Owner's Name	Property	Amount
Drinka, Teresa, A	Savings	$10,891.47
Lavelle, Samuel	Stock Proceeds	$21,529.61
McDonnell, Martha	Savings	$12,843.78
Meyer, Thusneida	Savings	$18,489.18
Patterson, Arthur	Savings	$14,629.24
Stien, George	Savings	$57,525.83

This listing is only a minor portion of the $25 billion in unclaimed property that is waiting for you.

California still hasn't found the owner of one account worth $186,000. Someone in Massachusetts left behind $400,000. North Carolina owes one person $500,000.

Sample Proof

Bonnie Goldstien, a well-known syndicated newspaper writer who doesn't know very much about finding people, located the owners of $4,100 in two and a half hours with two telephone directories—she said so in the "San Francisco Sunday Examiner & Chronicle." **All you need is a phone and a phone book to get your share of $25,000,000,000.**

Sworn Testimonial

Thanks to the methods outlined in your book I was able to raise $41,935 in three weeks. I have read all the other "get rich" books but none has shown me how I am able to make so much money with so little effort. Your book certainly does... At first I was skeptical, but now I am a strong believer.

Gary S., Portland, Oregon

As soon as you receive my book, you can make up to $2,000 an hour. All you need are telephone books and a telephone. The proven system in this book can be learned in a half hour. After that, you are all set. If you can read English and can talk on the phone, you're in business. It's as easy as that.

My Guarantee

Send for my complete guide to recovering unclaimed money. Read the simple formula that has been tailored for each individual state. Sit down and make the required few phone calls and directory searches. **After following the simple formula, you must be able to recover $10,000 in one day** or your complete payment will be returned to you.

Everything in this ad is true, but I don't expect you to believe me. I want you to hear it from a very credible source. Contact your local state controller's or treasurer's office and ask them about the $1 billion they receive every year. In fact, **contact any politician and he or she will verify everything I tell you in this ad.**

This opportunity can give you a new home, car and all of the luxuries money has to offer. Think of what $10,000 today could do for you. Could you use this kind of money? There is a definite flaw in our revenue system, and you can profit from it. I pride myself on making your decision simple. **You can either enjoy a guaranteed $2,000 or be one hour older—the choice is yours.**

David Bendah (619) 265-8777
6602B El Cajon Blvd., Dept. EB
San Diego, CA 92115

Dear Dave,

You can show me how to make $2,000 an hour, so $10 is a small price to pay. Send me your complete guide to recovering $25,000,000,000 in unclaimed money on the condition that I must be able to recover $10,000 easily in one day with your book or you will return my entire payment.

On that basis, here is my $10.

Name _____

Address _____

City _____ *State* _____ *Zip* _____

Please add $1 (cash) to cover part of the shipping costs. All checks must be accepted by TeleCheck; payments not accepted will be returned in full.

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up front

Tales from Two Lands

Impressions of Managua: A Sandinista mural glorifies the revolution

This month's cover story, "A Yanqui in Managua" (page 23), records the impressions and observations of author Davis Keeler during a three-week visit to the Nicaraguan capital this past summer. Keeler, who through the '70s directed the Law and Liberty Project at the Institute for Humane Studies, says that he's "been on vacation" for the last four or five years, during which time he's been able to travel quite a bit. Last spring his peregrinations took him to Chixulub Puerto, a small town on the Yucatan coast of Mexico, where he stayed for a month. The experience, he says, rekindled in him a childhood fascination with Latin America.

His fascination has grown into a sort of intellectual quest for a way of understanding that puzzling region of the world. "Why is Latin America in such a mess today?" Keeler wonders. "It wasn't always this way." But the study and explanation of Latin America's current problems has been largely abandoned to leftish intellectuals, Keeler thinks, a situation that troubles him. It was in part to find his own answers about some of Latin America's problems that Keeler decided to go to Nicaragua. "It looked fairly easy to go down there," he recalls. "I called the Nicaraguan embassy in Washington and found no problem, so I got a ticket and went."

Keeler arrived in Managua with a deliberately restricted agenda. "I wasn't interested in the *contras*, I wasn't interested in US foreign policy, I wasn't interested in agrarian reform," he explains. "I just wanted to talk to ordinary people"—anybody at all who would talk to him about life in the People's Republic.

"If you read *all* the media as a whole," Keeler says, "the coverage of Nicaragua is not terribly inaccurate, but it loses a lot of detail—especially regarding the attitudes of the people." As he notes in the article, for example, there's a much greater division among Nicaraguans in their opinion of the Sandinistas—about half in favor, half against—than is typically depicted by reports in the mainstream media.

Keeler's interest in Latin America extends beyond Nicaragua. A project that he now has in mind is to go to Cuba "to see how that country looks after 25 years of socialism, to see what Castro's done with the place," and to make a similar inspection of the situation in Venezuela. Both countries, he notes, had revolutions at about the same time (Venezuela in 1958 and Cuba in '59), but they followed distinctly separate paths: Cuba, under Castro, took the socialist route, while Venezuela pursued a more liberal, democratic path. He suspects that a comparison of the two nations might be an enlightening exercise.

Another focal point of world attention is covered in this issue. Editor and Publisher Bob Poole's exclusive interview with Zulu leader Gatsha Buthelezi provides an insider's understanding and assessment of the crisis in South Africa.

"When you see Buthelezi," Poole observes, "there is no question that he is some sort of head of state—he's always accompanied by an entourage, and in person he comes across as certainly expecting to some day be the head of an *actual* state. I was impressed by his sophistication—his knowledge of American affairs and figures, his understanding of how the media in this country work."

Poole interviewed Buthelezi at last fall's annual meeting of the National Committee for Monetary Reform, where the Zulu chief spoke before a crowd of some 3,500 listeners. Attendants at the NCMR conference are primarily conservative and affluent Americans. That Buthelezi was invited to speak to this group, Poole notes, is of considerable significance. The event introduced to a group of influential citizens an important South African black leader—a strong opponent of both apartheid *and* communism—who believes in the possibility of a nonviolent end to white-supremacist rule in his troubled nation. Buthelezi's account of black sentiment in South Africa—that it is by no means uniformly in favor of violent overthrow or communism—was no doubt a revelation to many of those in attendance at the NCMR gathering. Describing the audience's reaction to Buthelezi's speech, one observer commented, "They were impressed. It was as if they were hit by a strong dose of reality."

We think you'll find the interview, which begins on page 34, equally revelatory.

—Eric Martí

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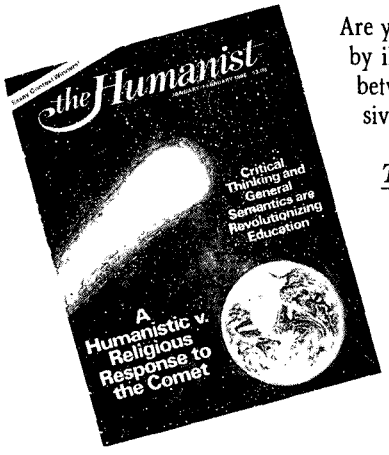
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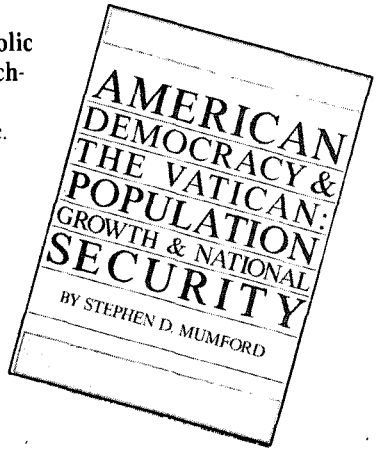

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letters

Wake Up, Maggie

Given we have a president whose "revolution" exists only in the press releases and who can't even shovel more money to his favorite special interest than his wimp predecessor was planning to, it is perhaps a little unfair for me to note the Thatcher administration hasn't really done much. Still, that is the case—Madsen Pirie's claims of astonishing progress notwithstanding ("Buying Out of Socialism," Jan.).

The 873,000 public houses sold, at a gain of $5 billion (plus about a $500-million-per-year reduction in net expenses) must be compared to the nearly *5 million* council houses still owned by the state (with an avoidable operating loss of about $4 billion a year—so much for the "better deal" the Thatcher administration struck: so far, not taking the radical course of just giving away all those houses has cost a net of nearly $20 billion). At current rates of sale, it will take over 40 years to get rid of all the public houses, assuming no administration builds or buys more and that no hostile administration just halts sales.

The 400,000 jobs moved to the private sector are to be measured against the 1,100,000-plus still in state-owned firms. And 400,000 is an overcount since some of the privatized firms were only partly sold. A firm 49-percent-owned by the government is 100-percent managed by the government. It will take well over a decade to sell the rest off, with the near certainty of a hostile administration halting, and maybe reversing, the trend first.

The 600 QUANGOs (semi-regulatory agencies) eliminated were mostly the small, unimportant ones of the over 3,000 to be removed. The example of sunset legislation suggests that even their removal has merely stimulated greater activity among the 2,400 survivors.

And these are the star cases. Pirie mentions nothing about things like increased military spending (especially in the Falkland Islands, where the Thatcher administration could have completely avoided that costly war by just approving the sale of British interests). Overall, Thatcher's record is better than nothing, but there is so much more better that could have been, and can be, done.

David Carl Argall
La Puente, CA

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Gun Control and Racism: Not Black and White

Regarding William Tonso's article "Gun Control: White Man's Law" (Dec.): The charge of racism, when it is well supported, can be a very telling argument against a group or a policy. People will fall all over themselves in their haste to denounce it, even at the price of supporting other, less fashionable but equally odious, "*isms*" in the process. Still, when the case made for racism is too tenuous, the charge loses its power to persuade and recoils against the author, impairing his credibility and alienating the reader. I am afraid I found Mr. Tonso's claim that gun control legislation was racially motivated to be just such an unsupported argument.

As any social scientist should know, and distressingly few seem to, correlation is not causality and thus correlation with race neither constitutes, nor implies, racism. That most supporters of gun control are upper-class, mostly urban or suburban, whites and that those affected by the laws are lower-class, partly rural, and mostly black are statistically demonstrable statements. But to substantiate a charge of racism you must also show that prejudice based on race was an important *motivation* for the formulation of the laws. It is almost certainly true that historical gun control laws were racially motivated. That current support for gun control in this country is motivated by racism is almost certainly untrue.

Trying to retreat behind the argument that gun control laws are "racist and classist in *effect*" if not in *intent* helps

reason

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very little, since racism is precisely a perversion of intention, an irrational and unfair motivation. Unintentional racism is not racism at all. It is arrogant paternalism and should be called such. Trying to call it racism gives the paternalist/elitist gun-control advocate an out. "*Racism?*" he thinks. "What a relief! For a minute I thought he was talking about *us*."

Allen L. Haslup
Cary, NC

The True Colors of Gun Control Advocates

Every month when I receive your magazine, it impinges drastically upon my work; because alas, I have great difficulty putting it down. I particularly enjoyed the fresh insights of William Tonso's "Gun Control: White Man's Law" (Dec.). Living in New York State, I'm more oppressed by gun control than many of your readers. I had always felt offense at the requirement for permits for handguns and have never wished to prostrate myself to the empowered authorities to get the permit. Since I am a professional born of WASP stock, I can probably obtain the permit with minimal roadblocks, yet I find it distasteful and threatening. It never occurred to my naive mind that this was another form of race control, and I can only *try* to imagine what it would be like if I were black and poor.

Michael E. North
Saugerties, NY

Show Me

Attorney Warren Salomon conveys the impression that he knows that the federal income tax for individuals is required by law (Taxes, Jan.). I challenge him to specify the exact section of the Internal Revenue Code (IRC) that specifically *requires* an individual to file a federal personal income tax return. I also challenge the attorney to specify the exact code section that conveys liability to individuals for a personal income tax. Furthermore, can he specify the section of the code that defines *income* within the scope of the Sixteenth Amendment?

Remember, I want specific sections of the code, not opinions on what will happen if individuals do not go along with the fraud and corruption perpetrated by the IRS, "judges," and attorneys. I want to see the actual laws requiring these things.

I am aware of the system used to intimidate the individual today. Courts "rule" on tax cases as if the Bill of Rights and the Constitution did not exist. Fear of imprisonment should not be the legal basis for collection of taxes. The courts in this country differ from the courts of Soviet Russia only in degree of abuse of citizens' rights. In that respect we are not far behind them.

The federal income tax, as enforced today, is illegal on any reading of the IRC. The income tax amendment is constitutional simply because it is an excise tax. It is enforced as if it were a direct tax. This is exactly what the IRS wants you to believe.

Mr. Salomon's article continues to reinforce the myth of a nonvoluntary tax system. If the tax system were required by law and individuals had no choice, by law, then in cases of tax evasion the return would be inadmissible as evidence, because it would compel testimony in violation of the Fifth Amendment. To continue the myth of required returns is to do a disservice to the honest American citizens who labor under the load of federal abuse.

William Mullendore
Greenville, MS

Mr. Salomon replies: Mr. Mullendore's heart is in the right place, but alas, he's just flat-out misinformed. The laws that he's been told don't exist really do exist. I don't like the situation any more than he does (and believe it or not, even tax lawyers would be better off if there were no income tax), but the income tax is real. It's obviously contrary to the Revolution, but it's in the Constitution, so it's constitutional—by definition.

Now for Mr. Mullendore's challenge: Income is defined in section 61. The exact sections that require the filing of returns (by individuals, Mr. Mullendore) are 6011 and 6012.

Here's even more bad news: Section 6001 requires records to be kept. Failure to file returns is a misdemeanor (section 7203). Failure to pay is a felony (section 7202). The willful attempt to evade or defeat the income tax is a felony (section 7201). False statements on returns, failure to furnish required information, giving fraudulent withholding certificates to employers, and aiding or assisting in any of the foregoing are punishable under sections 7204, 7205, 7206, and 7207. This is by no means an exhaustive list of the weapons in the arsenal of the IRS, but it should give you the general idea.

Who Put the Pressure on Disneyland?

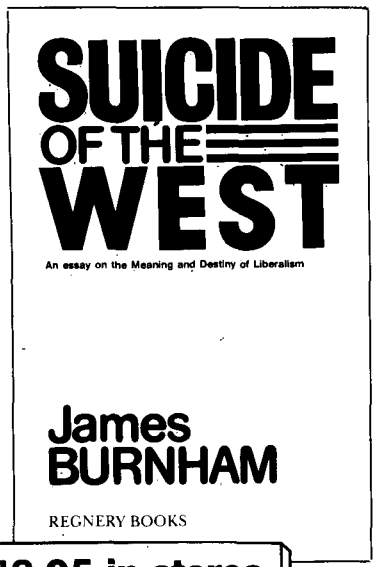
It was, according to your December Trends column ("Righting the Wrong Way to Achieve Civil Rights," p. 18), customer pressure rather than civil-rights bureaucrats which caused the administrators of Disneyland to reverse their long-standing prohibition against members of the same sex dancing together. In this particular instance, however, neither the customers nor the bureaucrats had as much to say about same-sex dancing at Disneyland as did Judge James Ross of the Orange County Court. In the summer of 1984 the good judge ruled that Andrew Exler and Shawn Elliot should not have been thrown out of the place for dancing together and that Disneyland must henceforth allow them to "dance with anyone they choose, including each other."

A system of free and voluntary economic exchanges is indeed the most effective mechanism for securing the rights of the individual, but for the time being it is going to require something more than market pressure—even in California—to make the Disney organization abandon its carefully cultivated reputation for wholesomeness and family-oriented entertainment.

Charles D. Poe
Houston, TX

The editors reply: Although our Trends item should have noted the ruling that Exler and Elliot be allowed to dance together, our analysis stands. When Disneyland changed its policy in August 1985, the firm explicitly rejected the court's action as a motivating factor. It maintains that the ruling applies only to Exler and Elliot, continued to enforce the policy against same-sex dancing until the recent change, and is still appealing the court ruling. "We try to be responsive to feedback we get from our guests," said a Disneyland spokesman in announcing the new policy. Teenage girls often come to Disneyland together and were asking to dance with each other. "We have always said no, but we changed our minds."

If you wonder why Congress caves in to the Communists, read this book



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It Wasn't Broke—But It Needed Fixing

Robert W. Poole, Jr.

Chances are you've heard your share of telephone horror stories—*el cheapo* phones that break down, sharply rising local phone bills, not knowing whom to call when something goes wrong.

And no doubt you've heard these familiar laments, repeated at least monthly in newspaper editorials and columns: "We had the finest telephone system in the world. Why did they have to go and break it up?" and "If it ain't broke, why fix it?"

But the charge that today's rapidly changing telecommunications system is the result of the court-imposed breakup of AT&T is simply wrong. Two driving forces—the microchip revolution and 18 years of telephone deregulation—made a system much like today's virtually inevitable.

The microchip made possible vast improvements in telecommunications: switching systems that are computers rather than mechanical monsters, desktop computers that can communicate cross-country, a huge expansion in the availability of radio frequencies for mobile telephones (using computerized "cellular" systems). These changes made the arbitrary but long-standing legal separation between the computer business and the telephone business obsolete—unless we were to be denied all the benefits of the new technologies. But there was no way that existing political realities (that is, the antitrust laws) would permit this huge new business to be handed to a monopoly Bell System.

In parallel with the microchip revolution, competitors were already chipping away at Ma Bell's monopoly. Way back in 1968, a company named Carterphone won a court case which permitted telephone users to hook its equipment up to Ma Bell's lines. Soon thereafter, an upstart named MCI won its first of many legal battles to compete with Bell in providing long-distance service. Once competition in equipment and service was legalized, the old structure and cross-subsidized pricing were doomed.

There are two ways to price telephone services. One is to charge high rates to high-demand, easy-to-serve users and use some of the resulting high profits to subsidize low-demand, hard-to-serve users. This is the *cross-subsidies* model. The only way the high-demand users will sit still for it is if they're given no choice. That's exactly the position they'd been in ever since about 1913, when AT&T's Theodore Vail sold America's politicians the idea that phone service is a "natural monopoly" that should be provided by one huge regulated monolith.

The other alternative is *cost-based* pricing—what generally results when competition is allowed. When, for example, MCI and Sprint and other firms compete for the easy-to-serve long-distance customers, the competition drives prices down close to the (relatively low) costs of providing that service, leaving no extra profits to subsidize, say, rural users. So the latter have to be charged rates much closer to the real (higher) cost of serving them. Try as you might to mix the two systems, it simply can't be done. Competition, once permitted, dries up the revenues needed to cross-subsidize higher-cost users.

So *regardless* of whether or not AT&T had been broken up by a federal court order in 1982, we would today be seeing long-distance rates coming down, local bills (especially rural bills) going up, and such new forms of "user-pays" as charges for directory assistance and paying by the minute for local calls. And there is no real possibility of going back to the old, monopoly system. With the costs of "bypass" technologies such as satellite dishes and local fiber-optic loops continuing to plummet, more and more business users will be able to avoid using those portions of the phone system that attempt to charge the kinds of non-competitive prices needed to continue cross-subsidization.

All well and good, you may say, but what's in it for me? Why wasn't I better off before, with "the world's finest telephone system"?

Well, to begin with, take note of the huge variety of telephone equipment you can now buy from anyone—phones with built-in answering machines, portable phones, cellular mobile phones. You also have a choice of long-distance companies, at highly competitive rates. And coming soon will be all-digital service for accessing your favorite computer data service or bulletin board, and a whole host of shopping and information services available from either your local cable company or the local phone company, in heated competition.

At work, your firm is benefiting from unprecedented competition in equipment and services: PBX prices that have declined 30 percent over the past three years, a 50 percent drop since 1981 in the cost of key systems (smaller versions of PBXs), and central-office switching costs that have declined by 7-10 percent a year since 1980.

What this means for the American economy is seldom appreciated. Economist Michael Borrus of the Berkeley Roundtable on the International Economy points out that lower costs due to deregulation have led to US telecommunications usage per capita nearly twice as great as Japan's and two and a half times that of Europe. In fact, all the basic arteries of our society, through which flow goods (transportation), money (financial system), and information (telecommunications), are being opened up to competition (and thus lower prices and innovation). Japan and parts of Europe are far behind in this regard—France and West Germany

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don't permit *any* telecommunications competition.

In short, although we did have a telephone system that "worked," a continuation of monopoly and cross-subsidization would have precluded today's robust, dynamic telecommunications free-for-all, which is giving us a system that is, more than ever, the envy of all the world. ◻

The Neocons' Newest Con

Bill Kauffman

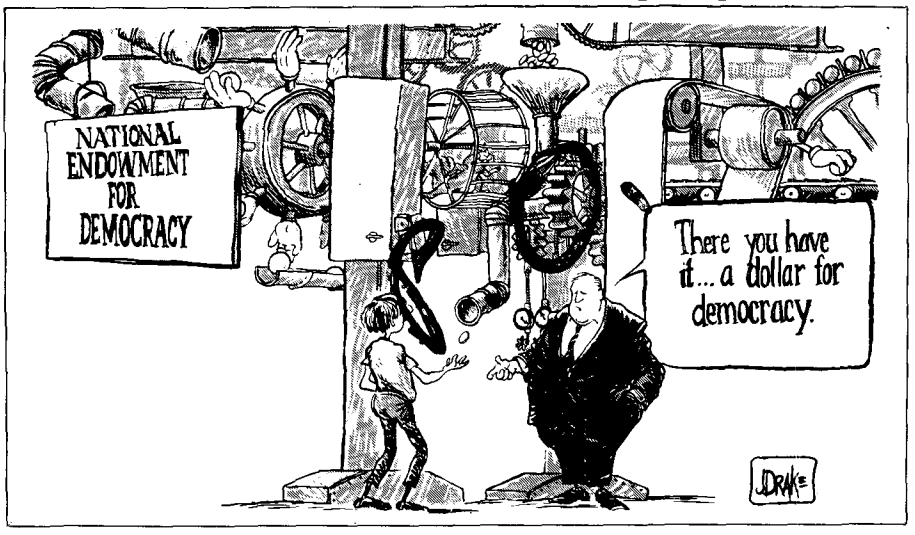
I love reading *Commentary*, the nation's premier neoconservative magazine. Every issue is chock full of gloom-and-doom prophecies and humorless Cold Warriorism—the perfect antidote to another sun-drenched California day.

But neocons cease to be amusing when they leave their ivory towers and start wielding political power. Voluntary exiles from the real America (rarely is one sighted outside the New York-Washington-Boston axis), these intellectual heirs to FDR are determined to use your tax dollars to fund the further adventures of Uncle Sam, the bloody-nosed world policeman.

Thankfully, the American people have too much sense to actually elect neoconservatives to public office. Which is why the eggheads lust so for government appointments. And why they've become such tenacious defenders of a neocon-controlled, federally funded foundation that's making George Washington turn backflips in his grave—the National Endowment for Democracy.

The NED is one of those government programs dedicated to noble ends in theory (in this case, "exporting democracy") but waste and nefariousness in practice. Created in 1983, the NED disburses $18 million annually to private American groups—primarily the AFL-CIO and the Chamber of Commerce—for the purpose of promoting the development of free institutions abroad. In two short years, the foundation has compiled a shameful record of foreign meddling. Which, unfortunately, is exactly what it's supposed to do.

The deal is this: the NED, under the direction of neocon polemicist and former Jeane Kirkpatrick aide Carl Gershman, showers government alms upon deserving private charities. Like, say, the AFL-CIO's Free Trade Union Institute. (The union received 75 percent of NED's total appropriations in 1985.) The democracy-loving unionists, in turn, pass the loot on to anticommunist trade unions, newspapers, and other paragons of neocon virtue around the globe. Recipients of NED lucre range from the military-backed candidate for president in Panama to right-wing unions and student groups in France. (Yes, your government, ever on the lookout for grand new projects, has spent over $1 million trying to "export democracy" to France. No word yet on the operation's success.)



To be fair, the NED and its middlemen have assisted worthy causes—Poland's Solidarity and the plucky Nicaraguan opposition paper *La Prensa*, for instance. But however much we admire (and support with private donations) the Solidaritys of this world, is it really a legitimate function of the US government to tax you and me to finance foreign politicians or unions *of any stripe*? Precisely which clause in our profaned and defiled Constitution empowers Carl Gershman & Co. to act out their grad-school power-politics fantasies with the blessing and support of our federal government?

The NED has further entangled this country in the affairs of Chile, China, Nicaragua, Argentina, Guatemala, Grenada, and the Philippines, among others. More grants and schemes are being cooked up as I write and you read. Where all this interference will end, God only knows.

Conservatives, usually so vigilant in sniffing out government waste, have been disappointingly silent when it comes to the NED. (Columnist James J. Kilpatrick and Congressman Hank Brown of Colorado are happy exceptions.) Perhaps, as 1940s renegade intellectual Lawrence Dennis saw it, there is "nothing you can't put over on American conservatives if you spice it with war and anti-red" talk.

But I hope our friends on the right remember that the NED is a tool of the regnant administration. They shouldn't start bawling their eyes out when Gary Hartpence or Saint Cuomo moves into 1600 Pennsylvania Avenue and appoints some Harvard-educated lefty hack to head the NED and dole out dollars to the Michael Manleys and Nelson Mandelas of the world.

The National Endowment for Democracy, which uses tax monies to subsidize politicos in far-off lands, violates every principle upon which this nation was founded. President Benjamin Harrison once opined that "we have no commission from God to police the world." The old drunk was right. This is America, not some wretched European Empire. Let's keep our noses out of foreign disputes and make bully-boy intellectuals find productive or at least harmless work, like writing articles for *Commentary*. ◻

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brickbats

Where's the beef? The central planners in the Common Market have been so successful in getting farmers to increase their beef production that the Brussels Commission now plans to sell off 175,000 tons of surplus beef to the Soviet Union. Of course, it cost Common Market taxpayers more than $350 million to buy and store the beef, which is being sold to Moscow for a mere $100 million. And don't forget the butter surplus; one million tons of it are socked away right now. Never let it be said that the *Soviets* have to worry about guns versus butter.

Drivers who wear seat belts are killing pedestrians and bicyclists in record numbers, according to a recent study. Just 20 months after Britain's seat-belt law was enacted, 421 fewer drivers have been killed than in a previous 20-month period. But 77 more pedestrians, 63 more cyclists, and 69 more backseat passengers were dead. Geographer John Adams speculates that belts may promote dangerous driving habits by making drivers feel more secure. What are the safety statisticians going to do with this one?

David Wilson of Cocoa Beach, Florida, got fed up with motorists speeding down his residential street. So he placed a hand-lettered sign on his front lawn that says, "Slow down, clowns. It's only 20 mph." Well, the clowns at city hall just wouldn't stand for that. They informed Wilson that the building department does not allow any kind of sign that makes a personal statement. The sign had to be removed or Wilson would face the penalty. What? A seltzer bottle in the face?

Could communism's days be numbered? Italian fast food and French fashions are making their way into Mother Russia. Paolo Portoghesi has designed a fast-food restaurant for a side street near Red Square; he's hoping to open in time for the Soviet Communist Party congress. And French fashion designer Pierre Cardin has signed a contract to make designer clothing for a nation of gray-collar workers. "It is my dream to dress all 280 million Soviets," gushes Cardin. Could 7-11s be far behind?

Illinois Congressman John Grotberg just can't stand the thought of having "The Star-Spangled Banner" played on foreign-made musical instruments. The wise man thinks it's positively un-American to play patriotic tunes on imported fifes and drums. So he's introduced a bill to require military bands and choirs to use only American-made instruments. The moron will no doubt be re-elected.

For every law devised by a meddlesome government, there're more 'n a few loopholes. Take Kansas. The state legislature passed several get-tough laws against liquor promotions to save the denizens of that great state from excessive tippling. To eliminate the evil of happy-hours, the law decrees that drink prices must remain the same all day. Tavern owners knuckled under—now they give all-day discounts on certain drinks. Rum days, gin days, etc., are as common as happy hours once were. The law also bans all-you-can-drink gimmicks. So many bars are now selling penny beers and penny drinks—after a cover charge. John Lamb of the Kansas Alcoholic Beverage Control Division says he'll go before the legislature soon to propose that it either close the loopholes or repeal the law. "The last thing we need is another law on the books that doesn't work." Now that's something we can drink to.

And speaking of drinking...Forget about an apple a day keeping the doctor away. Order a keg of beer instead. Researchers at Johns Hopkins University found that moderate beer drinkers were sick less often than people who did not drink or those who drank hard liquor or wine. The study found beer drinkers in general had a rate of illness 13 percent lower than expected and concluded that moderate beer drinking—about three a day—was associated with 25 percent less illness than anticipated. "There is a great deal of evidence accumulating all over the Western world that moderate drinking is associated with better health," says Thomas Turner, dean emeritus of the Hopkins School of Medicine. Another round for everyone?

—Mark Edward Crane

It *could* happen here, and Winslow proves it:

The Washington Post: "There are firing squads in New England meadows, and at the end of the broadcasting day the Internationale rings out over the airwaves. Hairdressers are being shipped off to labor camps, while stockbrokers and even television anchormen toil away on street-cleaning gangs... the White House has been renamed 'The Peoples' House.'... If Jeane Kirkpatrick were to write a Harlequin, this might be it."

The Washington Times: "It's sometime in the 1990s and the United States has been attacked by the Soviet Union. Medium-range ballistic missiles launched from Cuba and Nicaragua eliminate most of America's land-based missiles... Within hours, Soviet bloc garrison troops are landed at key points, and the Sovietization of America is under way... Miss Winslow has written a real spellbinder, a book with an intricate plot and clever political allusions. One of its great assets is that it avoids the jingoistic pitfalls that have conspired to wreck lesser works."

Publishers Weekly: "A high-voltage thriller ...an immensely readable, fast-paced novel that satisfies."

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trends

Taking Medicare into Account—Individually

Like the retirement portion of the Social Security system, Medicare too is heading toward financial crisis. And that's spurring consideration of longer-term private alternatives to Medicare, which now uses taxpayers' money to cover medical bills for 30 million old and disabled people.

Over the last decade, the maximum tax levy for Medicare—now 1.45 percent of an individual's taxable income, matched by an identical amount paid by the employer—has doubled. In fiscal 1985 alone, Medicare cost taxpayers more than $70 billion, greater than five times its cost just 10 years ago. Worse, its cost is expected to rise some $20 billion over the next two years. If things continue as they are, the Medicare trust fund is expected to go broke by at least 1998, if not sooner, according to a government study last year—despite the strict limits on Medicare reimbursements to hospitals pushed through by the Reagan administration.

The good news, however, is that there has recently emerged some smart, market-oriented thinking on how to steer clear of a Medicare mess—and there's a chance that at least some of it may be put into action. A quartet of Republican congressmen has introduced a bill in the House to allow workers to establish "Health IRAs." As explained by Peter Ferrara, an analyst with the Washington, D.C.-based think tank the Cato Institute and an originator of this idea, workers could contribute to their private health IRAs up to the amount now paid in Medicare taxes by them and their employers.

Instead of the income-tax deduction available to existing IRA contributors, Ferrara explained in a recent Cato study, "workers would receive an income-tax credit equal to 60 percent of their contributions to their Health IRAs. Employers could make some or all of the Health IRA contributions for their employees and receive the 60 percent credit accordingly." Those funds could accumulate tax-free until retirement, when they could be used to purchase medical insurance or pay for medical care directly. Funds left in an individual's account upon his death would go to the person's heirs.

Reagan's new secretary of Health and Human Services, Otis Bowen, has proposed a similar plan, by which individuals could contribute to tax-sheltered "individual medical accounts" (IMAs) in order to ease the burden of catastrophic health care on the elderly. "This is one of my main priorities," Bowen told a Senate committee considering his nomination for HHS secretary.

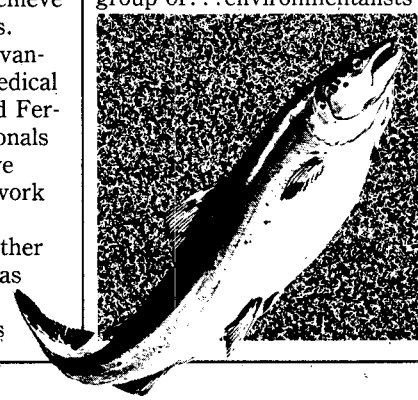
Shifting the burden of medical insurance from the hands of the federal government into the private sector would simultaneously achieve several important things. "The plan offers the advantage of depoliticizing medical care to a degree," noted Ferrara. "Medical professionals would consequently have greater opportunity to work under the same market freedoms as people in other disciplines, rather than as targets of government scapegoating campaigns [over high medical costs] and increased government regulations." Moreover, faced with paying insurance premiums or medical costs out of their own accounts, individuals would tend to seek out lower rates and to be more responsible in getting medical care, which in turn would greatly help contain health-care costs.

Given the dire direction in which Medicare is headed, policymakers have to move fast to avert a large-scale catastrophe. Individual medical accounts seem a good starting place.

Environmentalists Could Get Hooked on New Fishing Angle

Environmentalists (most of them) pin the blame for depleted and degraded resources on private owners who care only about their own gain. Government management is what they urge. Economists (most of them) say that resources are best managed and conserved precisely when specific people have something to gain from the resource. Private ownership is what they advocate.

Enter Trout Unlimited, a group of . . . environmentalists who are busy cleaning up streams because . . . they'll benefit from the improved fishing. Maintenance of fishing streams used to be the province of state game departments, but it appears that private groups want better stream management than they were getting. Trout Unlimited has mustered 77,000 members in the United States, Canada, Japan, and New Zealand. Some of them spend their weekends stocking streams, chopping up beaver dams (okay by environmentalists—the dams clog streams and block drainage ditches), and otherwise improving the quality of life for our gilled friends.



Trout Unlimited volunteers worked on 136 rivers in 30 states last fall alone. Jay D. Hair, vice-president of the National Wildlife Federation, approves. "What these folks are doing is crucial," he told *Fortune*. "I've never fished for trout in a place that wasn't absolutely beautiful. If you can save a stream for trout, you preserve lots of other natural values."

Trout streams are so valuable, in fact, that some people are able to make a business out of providing them. Consider Bozeman, Montana, entrepreneur Rich McIntyre, first profiled in REASON in February 1983. Avid fly-fisherman McIntyre founded his Timberline Reclamations firm in 1978 to clean up "dead" trout streams. It took some marketing to convince landowners and developers that stream doctoring needn't be left to wildlife officials in public parks. But he did, and for fees of up to $50,000 a mile, McIntyre has dredged muck, dumped in boulders, planted trees, and rechan-

neled creeks to increase the value of real estate with working trout streams.

A self-described "environmentalist who is also a businessman," McIntyre has spawned a school of competitors, including one started by four former employees. Now, McIntyre is planning to sell Timberline and start fresh with an environmental consulting firm.

If recreational fishing benefits from private management, it stands to reason that commercial fishing would too. That's just what S. Fred Singer, a former Interior Department official, suggested in a recent essay in the *Wall Street Journal*.

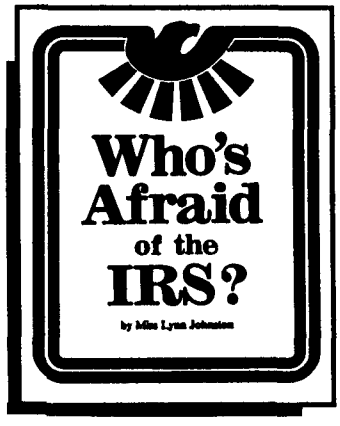
As it stands now, he noted, most fishing grounds are operated as commons: anyone can obtain a license and take fish. As a result, "an increasing number of commercial fishermen are chasing after and threatening a limited supply" of fish. But as fishermen spend their capital and time netting a smaller catch, the price of fish goes up. "Paradoxically," wrote Singer, "fish is expensive because it is free—i.e., without private owners."

The difference made by private owners can be seen in the Chesapeake Bay. On the Virginia side of the bay, Singer reported, about half the oyster beds are under private control. They're managed like farms, with efficient "modern production and harvesting methods." On the Maryland side, by contrast, oyster beds are predominantly accessible to all. To avoid overfishing, regulations limit fishing periods and impose "antiquated" methods to reduce productivity.

Singer would extend the Chesapeake Bay experience by "establishing transferable property rights for quantities of specific kinds of fish caught in each important fisheries region." These rights would be allocated by lottery or auction, and commercial fishermen could trade or sell the rights among themselves. This is an alternative to the fishing industry's lobbied-for solution to overfishing and therefore declining catches: more subsidies and more restrictions on fish imports and foreign fishing in US waters. "The best way to both preserve our fishing resources and slow down the rising price of fish is to privatize U.S. fishing grounds," counters Singer.

The efficiencies garnered by clearly defined property rights are evident in the growing industry of fish farming, which "grows" fish in confined areas and now accounts for 9 million of the nearly 75-million-ton global fish harvest. With property rights securely in place, fish farmers from China (where fish farming is 4,000 years old) to Africa are increasingly applying the traditional techniques of agriculture to increase productivity.

Meanwhile, property rights are being extended to cover the new kid on the block, fish ranching, which harvests fish such as salmon that spawn in freshwater streams, spend most of their life in the ocean, and return to their birthplace when they are mature. As environmentalist Lester R. Brown of the Worldwatch Institute noted in a recent article in *The*



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trends

Futurist, "For salmon ranching to be an attractive investment, those who operate the hatcheries must of course have exclusive authority to harvest the fish returning to them." And in fact, three states—Alaska, California, and Oregon—now recognize this new kind of property right.

Brown might be the last to recognize it, but his enthusiasm for fish farming and ranching bridges the supposed gap between the environmentalists' and economists' perspectives on scarce resources. As William J. McNeil, a marine biologist quoted by Brown, observes, "salmon ranching represents a visible step in a transition from a hunting to a farming economy in the oceans." Perhaps it won't be long before Fred Singer's proposal to "privatize the oceans" is recognized as environmentally sound.

Meeting Needs Is the Market's Forte

Put together two enterprising women and some hapless homeowners, and you've got a success story with a couple of interesting twists.

Five years ago, Linda Hamm and Christine Graves, friends who live in the San Fernando Valley north of Los Angeles, realized that other people probably experience the same problem they'd been having: when hiring workers to paint, repair, roof, add on to, clean, and otherwise work on and in your home, how do you know who's to be trusted? So they started a company, Homes Guild Inc., that connects skilled workers with potential customers.

General contractors, electricians, plumbers, and other repair and tradespeople pay a fee to join Homes Guild. Before accepting members, Hamm and Graves require information about the candidate's licensing, insurance, bonding, and training. They also request the names of 15 recent customers, who are then asked to rate the tradesperson on personality, work, punctuality, and price fairness. As a result of this screening process, Hamm and Graves have turned away almost 100 applicants.

The 250 current members pay monthly dues of $50 and an average yearly fee of $600, depending on the trade's potential for profit.

global trends

Brazilians Control Their Numbers—Voluntarily

BRAZIL—With 135 million people, Brazil is the most populous country in Latin America. But the size of Brazilian families is shrinking and the rate of population growth has slowed in the last few years. What's interesting is that the force behind this new demographic trend is not any government policy but voluntary family planning in response to changing economic conditions.

Since 1960, the fertility rate of Brazilian women between the ages of 15 and 49 has dropped by a third, from an average 6.2 to 4.3 births per woman. Contraception is readily available, and men, as well as women, are often choosing sterilization. Brazilian men are increasingly accepting voluntary family planning as one way to cope with economic hardship and improve the living conditions of their families.

A major factor in controlling population growth has been employment. So many women have taken jobs in offices and factories that, according to market analyst Alexander Jose Periscinoto, they now outnumber male wage earners. Employment has slowed population growth even in the poorest rural areas, and Brazilian life expectancy has increased. "An important social revolution seems to be under way," observed the *Los Angeles Times*, "without any policy being spelled out by the government."

Are you listening, Deng Xiaoping?

The Right to Ignore the State

BELGIUM—Since 1984, Belgian law has forbidden the publication of public-opinion polls in the 30-day period preceding elections, to "guarantee objectivity," according to the sponsors of the measure. The law met little opposition at first among either politicians or the press—until last fall.

Just a week before last October's election, the magazine *Knack* boldly published the results of a public-opinion poll. The next day the *Knack* poll was reported on by other Belgian papers, also in violation of the law. The papers, in widespread editorial agreement, charged that the 1984 law violates the Belgian Constitution's guarantee of freedom of the press and freedom of expression.

Though poll-publishing is a violation of the "law of public order," the government took no action against the press. The violation was on a far too extensive scale and the perpetrators, the media, are far too influential to be harassed with impunity.

Not everyone drew the proper lesson from this incident, however. *Knack*'s editor-in-chief argued: "It is the way opinion polls are conducted that will guarantee objectivity. So this law ought to be repealed and replaced by another law regulating the profession of taking opinion polls." Two steps forward, one step back. Yet it is refreshing to see people, and especially people of the press, revolt against unjust laws.

—Fred Dekkers

Global Roundup

■ *British heave-ho for Unesco.* Britain, one of the main founders of the United Nations Educational, Scientific and Cultural Organization (Unesco), has left the organization, taking its budgeted $9-million 1986 contribution with it. Britain's withdrawal from the 160-member Unesco comes one year after the United States' departure. The *New York Times* quoted Overseas Aid Minister Timothy Raison charging that the agency is inefficient, badly managed, and "harmfully politicized."

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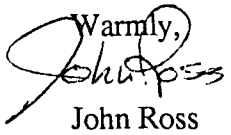

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R-3

Entrepreneurs Linda Hamm and Christine Graves

Homes Guild gives its members a "seal of approval," which some use in their own advertising for customers. Simi Valley plumber Danny Ney claims his membership is "a very worthwhile investment." In his first year he paid a total of $800 in fees and made four times that amount on work resulting from Homes Guild referrals.

The 200 customers a week, 90 percent women, also think Homes Guild is a good deal—it's free for them. And if they have problems with the service they receive, Hamm and Graves look into the complaint.

The interesting twists? Women are increasingly finding entrepreneurial niches in the marketplace. Consumers can be served and protected quite independently of any government action. And services such as this—not just low-paying wage labor—are increasingly the stuff of the booming service sector that it's so fashionable in some quarters to lament.

The creativity of the market in meeting the needs of an increasingly service-oriented economy can be seen in yet another new offering: for-profit telephone hot lines. Back in 1974, Minneapolis-based Control Data Corporation founded EAR (Employee Advisory Resource), an in-house telephone and computer counseling service for employees. Within three years Control Data was offering the service on a subscription basis to other corporations nationwide; there are now about 150 EAR subscribers. "Our program provides immediate access to counseling services twenty-four hours a day, seven days a week," EAR director David Robinson told *Omni* magazine.

Unlike many community nonprofit hot lines, EAR relies not on volunteers but on experienced counselors with advanced degrees in psychology, law, social work, industrial relations, and finance. EAR also stresses early intervention. "Every day we deal with a major life-threatening situation," Robinson said.

Dealing with emergencies, however, is not its primary service. Most people call about legal problems. Following in frequency are calls about financial problems, relationships, mental health, and alcohol and drug abuse. And if callers can't get what they need from the phone counseling, EAR may refer them to specific individuals in their region who are culled from a computerized list of community resources and professionals.

Corporations gladly pay the annual fee of about $15 per employee, reported *Omni*, "because problems like alcoholism, divorce and depression cost them money in lost productivity and higher insurance." And employees themselves like having instant, anonymous, no-commitment help whenever they need it.

The market can be a big help!

Jobs and Imports: Free Trade 1, Protectionism 0

Do imports cause a net loss of US jobs? Yes, say trade protectionists, a claim that is possibly their most politically powerful argument. The AFL-CIO, for example, takes it as an article of faith that for every $1 billion of the so-called trade deficit—about $150 billion in 1985—25,000 US jobs are lost to foreign lands. Such contentions, however, are now the subject of a growing debate, which has produced some useful discussion of the link between imports and jobs.

An economist at the Bureau of Labor Statistics recently told the *New York Times*: "A lot of people say imports do nothing but reduce jobs. That's not true." And, according to the *Los Angeles Times*, many economists "suggest that imports may actually have spurred the creation of more jobs than they have destroyed."

A look at some salient statistics supports that view. Since 1981, the last year of a US trade surplus, the US economy has generated *7 million* additional jobs. And of all US adults, more than 60 percent are now employed, the highest proportion ever.

How do imports spur US jobs? By increasing, say, the demand for longshoremen, warehouse workers, truck drivers, sales people, etc. By supplying goods—raw materials like oil and chromium, for instance, or manufactured items like computer chips—to domestic firms (petrochemical manufacturers, steel makers, computer firms) that in turn hire workers. And so on.

Still, protectionist sentiment is high—Congress has seen some 300 protectionist bills introduced during the latest wave of trade-deficit anxiety. Already, import restrictions cost American consumers $58 billion a year in higher prices, according to Murray Weidenbaum, former chief advisor to President Reagan. But the debate is shifting, and the protectionists' key claim about imports and lost jobs is finally being exposed for what it really is—baseless rhetoric.

Milestones

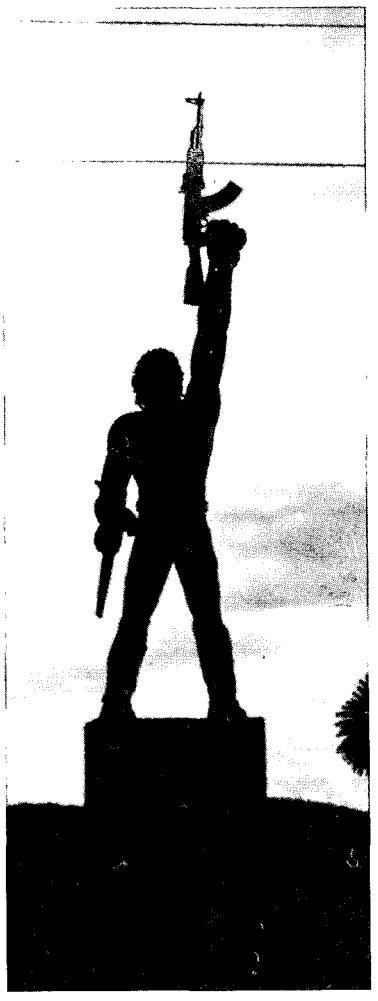
■ *Hey, Dad. What's that?* Turner Outdoor Advertising of Atlanta has burst the condom barrier by erecting 30 billboards boosting the Ramses brand. It's the first time in American history that such wares have been hawked via billboard.

■ *Booze canards on the rocks.* Two Case Western Reserve University professors have found, contrary to the claims of the neo-prohibitionists, that states that have increased their drinking ages have *not* experienced declines in alcohol-related traffic deaths. Profs. Frederic Bolotin and Jack DeSario note that enforcing strict laws against drunk driving seems to be the more effective strategy in reducing deaths.

—Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, and Eric Marti

A Yanqui in Managua

By Davis Keeler



PHOTOGRAPHS • DAVIS KEELER

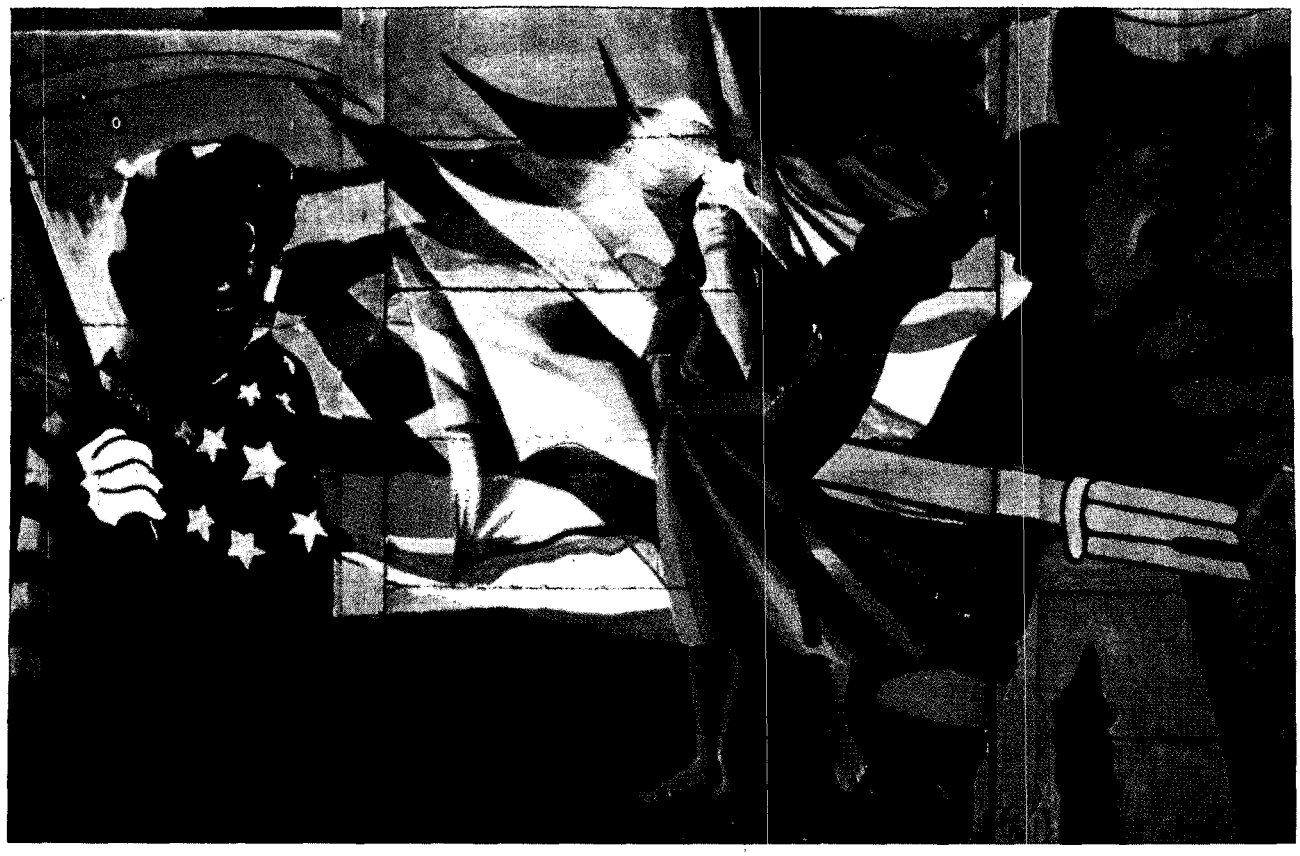
Daniel Ortega, the Sandinista president, had said, "Come and see our revolution. Judge for yourself." So I went. When I told friends that I was going to Nicaragua to see firsthand the work of the Marxist devils, the usual response was something like, "Aren't you afraid to go down there, what with all those people shooting each other?" "No," I replied with my usual casual bravado. What with so many politicians, trade-unionists, newspaper columnists, socially conscious businessmen, peace observers, solidarity activists, and revolutionary tourists visiting the place, my only fear was that I wouldn't be able to get a hotel room. Little did I know.

I spent three weeks in Nicaragua traveling around, poking into things, and talking to anyone who wanted to talk, which was just about everyone. I found Nicaraguans very conscious of being at the center of world attention, and most of them, whether they were for the government or against it, wanted to tell foreigners all about it. Two good examples were William and Father Lúis.

I met William sitting in the park by the Plaza de la Revolución. William is an Indian from the Atlantic coast. Like most of the people from the east, he speaks English. Also like most of the people from the east, he has nothing good to say about the Sandinistas. They are bad people, he says, communists. They mistreat the Indians and chased away the good priests who helped them. William lives in Managua with his wife and four children, but the government will not give him a ration card, so he must pay high prices for his family's food. The government does nothing to help the poor, he assures me.

Father Luis is an Anglican priest. He is also coordinator of his local Sandinista Defense Committee. He tells me that there is no conflict between the church and the government—both are working to help the people. The Sandinistas have done many good things. If this is socialism, he says, then socialism must be a good thing.

As these two conversations suggest, if you are looking for different opinions, Nicaragua is the place to go. A lot of



things in the country are in short supply, but there's plenty of politics, particularly in Managua, the capital.

Managua is not someplace you would go for a vacation. The city is hot, humid, and mosquito-infested. Half the population is said to have the Dengue fever. ("Is said" indicates that my source is rumor; in a country with a censored press a great deal of important information must rely on rumor.) The center of the city is in ruins, destroyed by a 1972 earthquake and never rebuilt. Water is turned off for two days a week. During the March-to-October rainy season it rains almost every day. The city is a jumble of streets, almost all unmarked, many of which do not even have names. Managuans do not use street addresses; you are given directions using well-known places (which may not exist any more) as referents. The city is full of soldiers carrying Russian-made automatic rifles. Almost every wall is covered with Sandinista slogans, many of them decidedly unfriendly toward the United States. Even the graffiti on the walls of public restrooms are political.

My goal in visiting Nicaragua was a modest one. I wanted to find out how ordinary people are faring under Sandinista rule—whether they felt they were better off now than before the revolution, whether they felt they had a free society, and whether Reagan administration charges that this is just another Marxist dictatorship are true.

I didn't talk to people in government or to businessmen, for both of these groups have received considerable coverage in the US press. Indeed, I have read so many interviews with President Ortega that he seems like the comandante next door.

I did talk to busboys, cab drivers, clerks, students, priests, blacks, Indians, *ladinos*, and people who were just standing with me in a doorway waiting for the rain to stop. I talked with foreigners who had come to work for the revolution. I talked with a soldier who had volunteered and a teenager who was worried about the draft. I talked with people who were enthusiastic for the revolution and those who had no use for it. I talked with an administrator who was building a maternity hospital and with an Indian who told me that he lived in a cardboard box and the government wouldn't give crutches to his crippled wife.

On one point, however, everyone I spoke with—progovernment, antigovernment, or no opinion—agreed: they were economically worse off than before the 1979 revolution. The only division along political lines came when I asked if things would get better: the pro-

ELABORATE murals and spray-painted graffiti make the American tourist feel, er, a tad unwelcome.

Sandinistas said "yes" and the others said "no" or that they didn't know.

In fairness I should say that these reports came from wage earners and self-employed people in the Managua area and from the east coast. I was told by people who were working in the countryside that there is a great deal of optimism among the peasants, particularly those who have benefited by distributions of land or government assistance under the agrarian reform. While I have no reason to doubt these reports, I also observed that thousands of people have moved from the countryside into the vast shantytowns that ring the capital. Since the government reports that it has more land to distribute than it has takers, there must be many peasants who do not share that optimism.

Some of the Sandinista accomplishments are easy to see. I visited a *centro de salud*, a free neighborhood clinic. It is part of a free medical-care delivery system that makes basic care available to the great mass of people. The education system has been expanded and opened to all, albeit with a strongly politicized content. The literacy program has apparently made a significant impact on adult illiteracy, though its long term effect is hard to assess and the *caveat* about political content also applies.

PRESIDENT Daniel Ortega buys his glasses in New York, his tanks in Moscow.

Many landless peasants received land through the agrarian reform, usually in cooperative holdings and often subject to credit problems, but the program seems to have been carried out intelligently, and the net effect is positive for a number of people. The land that was redistributed was mainly from persons connected with the Somoza regime. Lastly, there may be some unmeasureable but real psychic benefit to people when they are allowed to participate in mass political organizations, such as the Sandinista Defense Committees, and are made to feel that they have some influence in shaping their destinies through the political process.

So far as I can tell, the foregoing exhausts the list of unique Sandinista accomplishments. They have, of course, also built one of the larger armies in the Western Hemisphere, but that's an accomplishment of another sort.

But even the positive programs raise questions. The literacy program and the new education curriculum are criticized for their Marxist content and progovernment propagandizing. The agrarian reform seized lands from some persons apparently innocent of involvement with the Somoza regime, and on paper at least, it appears that the state has tended to retain for itself those lands which produce profitable export crops, while the peasants receive lands which produce for the domestic market at controlled prices.

And as for the psychic income derived from political participation, the largest and most accessible of the mass participatory institutions, the Sandinista Defense Committees, only attract about a 10 or 15 percent turnout for their meetings.

Defenders of the Sandinistas make much of their good intentions. But a government intention can be a slippery thing. Consider the ration system.

Every family in Nicaragua is supposed to receive a ration card through its local Sandinista Defense Committee. The card enables the bearer to buy a fixed amount of staple grains—corn, beans, rice, sorghum—at a low, subsidized price. In theory, this should enable every family to afford an adequate, if meager, diet.

Now is this ration system an example of a compassionate government's effort to ensure that the poor do not go hungry, or is it a calculated attempt to prevent hunger from becoming a catalyst for political unrest? I suspect that many people will find the answer obvious, though the answer will depend on whether or not they support the Sandinistas. If, however, you realize that the program was not initiated by the Sandinistas but was a creation of the corrupt Somoza regime, the matter of intent suddenly becomes less obvious.

To understand Nicaragua today it is necessary to understand something of its history.

The old story is told of a lady tourist in a Latin American country who asked a local gentleman what their favorite sport was. "Bullfighting," he replied. "Revolting!" she exclaimed. "Ah," he replied, "that is our second-favorite sport." The story is more true of Nicaragua than of most Latin American countries.

Nicaragua's history since its independence from Spain in 1821 is one of boringly repetitive revolutions and coups, relieved by occasional periods of strongman rule. Its political leadership has from the beginning been drawn from a small number of eminent families.

Despite numerous efforts, Nicaragua never developed stable democratic institutions. Its only periods of stability were under military dictators, first José Zelaya and later the Somoza family, and an intervening period of US military intervention. It is these periods that are most relevant to understanding Nicaragua today.

General José Santos Zelaya came to power in 1893 by the normal means of a successful revolution and ruled as a military strongman until forced out by a US-supported revolution in 1909. While recent historians have taken a more kindly view of Zelaya, he was at the time considered a threat to peace by his Central American neighbors. Today the Sandinistas have adopted Zelaya as a nationalist hero who was overthrown by Yankee imperialists.

With Zelaya out of the way Nicaraguan politics returned to its accustomed instability, much to the distress of the United States, which in 1912 sent in the Marines to put down insurrections and "keep the peace."

> People tell me that everyone is afraid to tell me what they think and then proceed to tell me what they think.

The Marines remained in Nicaragua from 1912 to 1933, though for most of that time their number consisted of a legation guard in Managua of only about a hundred troops. During this period the rebellion-prone army was abolished and replaced by a national constabulary, the National Guard. Trained by the Marines, its officers were evenly divided between the Liberal and Conservative parties. To command this peacekeeping force, the Nicaraguans and Americans agreed upon the affable son of a coffee planter of no pronounced political sympathies. He spoke good English and got along well with the Americans. He was not thought to be too bright. He seemed like a safe compromise. His name was Anastasio Somoza.

Somoza moved quickly to build personal political support and was able to make himself president in 1936. He and his sons ran the Nicaraguan government as a family business for the next 43 years. One of the first political opponents he had executed was a general who had fought as a guerrilla against the Marines and became something of a national hero, Augusto Cesar Sandino.

During the long period of Somoza's rule, Nicaragua prospered. Opponents were harassed and sometimes jailed but only infrequently shot. Somoza liked to describe himself as a benevolent dictator. The Somoza family and friends also grew vastly rich, finally owning more than 20 percent of the arable land in the country as well as numerous businesses and other properties.

In foreign policy, Somoza maintained peace with his neighbors and was a stalwart supporter of US positions. At the beginning of World War II, when many respectable Latin American governments were friendly to the Axis, Nicaragua quickly joined the United States in declaring war on Germany. Somoza's ready support for the United States prompted FDR's famous remark that "he's a son-of-a-bitch, but he's our son-of-a-bitch."

In the end, the corruption of the Somoza regime cost it all of its domestic support and the Nicaraguan people fell in behind the Sandinista Front for National Liberation, the FSLN, to bring an end to Somoza family rule. The Sandinistas, who took their name from the murdered Augusto Sandino, were aided by the liberal governments of several Latin American nations, as well as Cuba, the PLO, and the Carter administration, which cut off military assistance (and forced Israel to do likewise), so that in the end, Somoza's troops simply ran out of ammunition.

When the Somoza regime fell on the 19th of July 1979, several thousand Nicaraguans, many associated with the National Guard, fled as refugees into Honduras. They have since been joined by many other Nicaraguans who oppose the Sandinistas. These refugees have obtained arms and since 1981 have been waging guerrilla war against the new regime. There are also Indian groups in the east who are engaged in armed resistance against the Managua government. The various groups have different aims and constituencies, but are known collectively as the counterrevolutionaries, or *contras*.

John Adams said of the American Revolution that it was over in 1775; the war was not part of it. By this he meant that the change in political consensus had occurred *before* the Revolutionary War broke out. The Sandinista revolution, by contrast, came *after* the successful war to overthrow Somoza. The only political consensus that existed before the Sandinistas came to power was that Somoza must go. The great mass of Nicaraguans whose fighting toppled the *ancien régime* were not Marxists or socialists but simply people tired of the corrupt Somoza government who wanted democracy, freedom, and a better life. Thus the principal domestic

political challenge to the Sandinistas since coming to power has been to win over the Nicaraguan people to their version of the revolution.

In Nicaragua the press is censored. The opposition paper *La Prensa* must submit all of its copy for approval before publication.

Though the ostensible reason is the threat posed by the *contra* war, newsmen complain that they are barred from reporting many nonmilitary stories as well. At a meeting I attended between President Ortega and progovernment newsmen, the principal complaint was a lack of freedom of the press. President Ortega replied that Nicaragua had freedom of the press because today all segments of society have access to the press—an answer that so far as I could tell did not win anyone over.

In the three weeks I was in Nicaragua, I did not see a single foreign noncommunist newspaper or news magazine for sale. A Sandinista supporter told me that this was done to save foreign exchange.

As a consequence, people rely heavily on rumor—quite often, it seems, to the detriment of the government. Even supporters of the government assured me that the war is going badly for the Sandinistas and that the *contras* control vast areas of the countryside and can take towns at will. I was also told that government casualties are quite high, especially among new recruits, and for this reason many parents urge their children to flee the draft and hide in the jungle or even join the *contras*. Can the truth hurt the government more than such rumors?

(After I returned from Nicaragua, the Sandinistas suspended civil liberties including political expression, freedom of travel, the right to strike, and public assembly. Now all media, not just the opposition *La Prensa*, must submit their copy before publication or broadcast. The government has seized the printing facilities of the Roman Catholic Church and confiscated 10,000 copies of a new church magazine said to contain material critical of the draft. When it comes to trusting their people with freedom, the Sandinistas, like most other states, prefer to err on the side of caution.)

Despite the strong Marxist and socialist traditions within the Sandinista movement, the government's economic policies have followed the pragmatic *tercertista* approach of selective nationalization. The result is what the government constantly refers to as a "mixed" economy, in which approximately 60 percent of the productive sector remains in private hands.

Yet the private sector is hamstrung by government monopolies on banking, credit, foreign exchange, imports, and exports. The government controls access to most raw materials and sets wages and some prices. I attended a meeting between newspaper people and government officials in which many complained about the shortage of materials to produce their papers. President Ortega's reply was that the country had many needs for paper and producing newspapers was not the highest.

In the three weeks I was in Nicaragua I did not see a single foreign noncommunist newspaper or news magazine for sale.

There is, furthermore, the problem of the security of the private sector under a regime that does not recognize the rights of property and contract. Many businessmen are allegedly declining to invest and expand their operations out of fear of government expropriation of their businesses, either outright or piecemeal through controls. The Sandinistas have fed this fear by their inability or unwillingness to give guarantees beyond the short term and by the pronouncements of the more radical elements within the government that the mixed economy is just a "tactic" and, as one of the comandantes has said, "we can expropriate the bourgeoisie in a matter of hours."

Prices are low in Nicaragua, but so are wages. The average factory worker's wage is about 8,500 cordobas a month and will not support a family. Thus almost all families have some other source of income: an extra job, a small business run out of the home, a sidewalk food stand. Managua is full of small retail and service businesses operated out of the home or in the streets. They may not earn much, but they are untaxed.

A more serious problem they pose to the government is that workers are believed to put more effort into these small businesses than they do into their formal employment, and productivity has consequently dropped in both the private and state-owned sectors. The Sandinistas are trying to counter this by that old standby of the capitalist wagemasters, piecework pay, and the government-controlled unions have been enlisted to sell this idea to the workers.

The Sandinistas are making a major effort to win over the youth. Approximately 45 percent of the population is under 16 years of age. Since the present government has been in power for six years, a 16-year-old has essentially no recollection of what his country was like before the Sandinistas. Sixteen-year-olds were given the vote in the November 1984 election. The age of parental control has been lowered to fourteen. Public education has been revised to reflect a Marxist perspective. Young people have been sent to Cuba for training. Others have become *turbas*, strongarm toughs who harass the Sandinista's political opponents. Approximately 30,000 belong to the Sandinista youth organization. Despite these efforts, the resistance of young people to military service is a major problem for the Sandinistas and has cost them much popular support.

The principal institutions for individual participation in the revolution are the Sandinista Defense Committees, the CDS. There are approximately 12,000 of these neighborhood organizations, claiming a membership of some 500,000 persons. They are modeled on the Cuban Committees for the Defense of the Revolution. They elect their own officers and typically meet every two weeks or so. Committees are responsible for issuing ration cards and for organizing neighborhood anticrime patrols, the so-called revolutionary vigilance. They also issue letters that enable a person to obtain a drivers' license or a police report for a potential employer. They are open to everyone living within a neighborhood, without respect to political affiliation. Each CDS is assigned the name of a Sandinista martyr, who may or may not have lived in the neighborhood, and in many cases they erect a small memorial to that person. In theory the CDS provides a method for the government to communicate with the people directly and for citizens to voice concerns and complaints that will filter up through the CDS system

SANDINISTA officer candidates rally 'round the flag. Below, a child peers out from a dilapidated corner store.

to the relevant government agency.

In practice the defense committees, like their Cuban counterparts, have been accused of encouraging neighbors to spy on each other. There have been many complaints that committees will not issue ration cards unless individuals perform "revolutionary vigilance"—that is, spy on neighbors to report antigovernment remarks. Innocent people have been arrested after being denounced to the committees as counterrevolutionaries. Many committees are dominated by gossips and busybodies and are scrupulously avoided by other community members.

Finally, the committees must compete with *Ronda la Piedra*, an extremely popular *Dynasty*-like soap opera that is shown on Sandinista TV at the same time the CDSs typically meet. To judge from attendance at CDS meetings (one CDS coordinator told me that a 10-15 percent turnout is typical), a considerable number of Nicas would rather watch the upper-class intrigues of *Ronda* than participate in the revolutionary process.

I attended a meeting of one CDS, the "Barrio William Diaz." The meeting was announced by a sound truck. The topic was relations with the Sandinista Police.

The meeting took place in the rec room of a private home. The room was hot and humid and packed with about 80 people. The program consisted of two SP officers who spoke easily and informally as they explained new police policies. After speaking for about an hour the meeting was opened to the floor and a number of people made comments and complaints about *barrio* crime, rowdy young people, and personal experiences with the police. Each was answered by the principal speaker, who was not the officer assigned to the *barrio* but rather a community relations officer. He very skillfully used the questions and complaints as an opportunity to relate government policy to individual concerns. After the questions were over, the officer assigned to the neighborhood gave out his home phone number. Roughly two-thirds of the people stayed for the entire program, listening quietly and without obvious emotion. The applause at the end was less than enthusiastic but more than polite.

This meeting was probably a good example of how the Sandinistas would like the CDS system to work. A high portion of the neighborhood turned out (the meeting prudently began after *Ronda la Piedra*) to hear a well-trained spokesman explain government policy as it relates to the concerns of the people in the neighborhood. Citizen complaints were listened to sympathetically and used as an opportunity to inform and instruct. By

SCHOOLGIRLS parade in the Plaza de la Revolución, while, at right, a private food market thrives in Managua.

giving out his phone number the local officer showed openness and availability, as well as trust.

The meeting also demonstrated what politics means in Nicaragua today. Although the meeting was ostensibly a local neighborhood affair, it was initiated by the government. The people were given the chance to offer suggestions and complaints, but the boundaries of debate were set by the government. The subject was not what programs shall we have, but rather how shall programs that the government has chosen be implemented.

At this meeting, as elsewhere during my visit, the Sandinistas came across as well-intentioned, pragmatic, and adaptable. They don't want to share power, but they do want to wield it intelligently. Is this a "truer democracy" than exists in the liberal Western states, where people may vote a government out but are often frustrated when they try to make government respond to their will? I heard such defenses when I was in Nicaragua. When the Sandinistas speak of democracy they do not mean what we in the West have traditionally understood that word to mean.

There are a lot of foreigners in Nicaragua. I met a number of "revolutionary tourists," European leftists and American liberals traveling on their eternal quest for a Marxist regime of freedom and equality, justice and plenty. Some came with backpacks and others on packaged tours advertised in left-wing magazines. There are at least two schools in Nicaragua that offer 2-to-8-week programs of Spanish classes in the morning and revolutionary labor in the afternoon.

Another group are the politicians, writers, and socially conscious businessmen who come to Nicaragua on 3- or 4-day fact-finding missions, during which they are led around on a Potemkin-tour of government projects, smiling peasants, and meetings with non-threatening opposition spokesmen. Some tours have included interviews with *contras*, though in every case that I have read about the *contra* was firmly in government custody at the time. These people return home, their eyes opened to the true nature of the revolution, and hold forth at business luncheons and press conferences as experts who have seen what's happening with their own eyes.

The most numerous group I met were those affiliated with international relief organizations who had come not out of political conviction but because they had specific skills—in medicine, nutrition, agriculture, engineering, etc.—that the

Nicaraguans needed. I met nurses who came to teach and an electronics consultant who was helping the government set up a computer system. I had breakfast several mornings with Gaim, an African civil engineer sent by a church group. Gaim told me that although the Sandinistas were Marxists, what they were doing in the countryside was vastly better than anything he had seen in the Marxist revolutionary regimes in Africa.

But almost everywhere I went I met another sort of *internationalista*, people who had come from Europe or North America or the commonwealth to work for the revolution. They are more than just revolutionary tourists. They are men and women of all ages, though mostly young, all idealistic and mostly leftist, who come to Nicaragua to help build a new society. Most seem to be paying their own way. One young man told me that he had cashed in his life insurance policy so that he could stay. Others get money from home. They're an interesting bunch, and worth a story in themselves.

One afternoon I visited the Antonio Valdivieso Ecumenical Center, where I spoke with an American lay worker who had been sent to Nicaragua by his church. He explained that the purpose of the Center is to provide a place where Christians and Marxists can engage in theological reflection on Christianity in a revolutionary situation. He told me that their work is carried out in the context of liberation theology, a theology that springs from the belief that the Latin American poor are victims of US imperialism. For this reason, he said, it is very difficult for white, Anglo-Saxon, North Americans to understand liberation theology. The Vatican sees it as a threat, as does the Reagan administration.

Liberation theology is about human liberation, he explained, and in Latin America this will never come peacefully, because the holders of wealth and power will never give them up freely. There must be violence. The question for Christians, he said, is whether they can engage in revolutionary violence out of a spirit of love.

On my last day in Managua I visited the Permanent Commission on Human Rights. The commission is housed in a nondescript cement-block building whose peeling paint is covered with Sandinista political slogans. I sat in a waiting room with several old women and a couple of teenaged boys before being introduced to Lino Hernandez, the director. The Nicaraguan government, he explained, holds between 4,500 and 5,000 political prisoners, more than in all the rest of Latin America. This is in addition to the 2,500 Somocistas held since the war.

The commission has documented many cases of torture and disappearance, he went on. Persons accused of political offenses are tried by a special tribunal, and the evidence almost always consists only of statements extracted under interrogation. Many prisoners are held at El Chipote prison, near the Hotel Intercontinental, in underground cells whose only ventilation is a tube up to the surface.

Even supporters of the government assured me that the war is going badly for the Sandinistas and that the *contras* control vast areas of the countryside and can take towns at will.

North Americans do not see these human rights problems, says Hernandez, because the Sandinistas show them only the open prison farm where the old National Guardsmen are kept and take them to meet with the government-sponsored human rights commission, which tells them that all is well. The Nicaraguan press is not permitted to publish the evidence that his commission uncovers.

The commission has always been harassed by the government. In Somoza's time they were denounced as communists; today they are called counterrevolutionaries and frontmen for Washington. Five of their directors have been imprisoned and their founder is in exile. In 1981, the Sandinistas seized their offices and forbade their activities, but intervention by Amnesty International and the Organization of American States enabled them to reopen.

After this bleak report on human rights I visited the government-sponsored National Commission for the Promotion and Protection of Human Rights. In contrast to the peeling paint of the Permanent Commission's offices, the National Commission is housed in comfortable quarters in a middle-class neighborhood.

I met with an American Catholic sister who explained that their commission was set up by the Sandinista government in response to a United Nations call for each country to have its own human rights agency. They work with the Ministry of Education to teach human rights in the schools and follow the principles of the UN declaration of human rights.

The present government, she avers, is making great efforts to improve the lot of the people. The most serious human rights violations are committed by the US-backed *contras*. She urges me to do what I can to prevent US aid to the *contras*. US policy toward Nicaragua is illegal, unjust, and, she is tempted to say, diabolical.

For whatever it's worth, at the Permanent Commission we spoke in Spanish about individual cases of human rights violations and about the state imprisoning and torturing people. At the National Commission we spoke in English about politics and US foreign policy. At the Permanent Commission Señor Hernandez ended our interview because a client had come to talk about his case. At the National Commission my interviewee had to leave to meet with a group preparing to travel to the war zone to investigate *contra* activity. I found the two experiences pretty easy to sort out.

Like every tourist, I came away with some impressions only partially digested: The soldiers and security men who stopped me to check my papers never swaggered or threatened, but treated me with a politeness that was almost gentle. The extremely poor homes, hardly substantial enough to be called sheds, with color TV. Beggars who accept only American money. People who tell me that everyone is afraid to tell me what they think and then proceed to tell me what they think. People who express great admiration for Castro but tell me that they do not want their country to become like Cuba.

I also came away with a sense of the power of the socialist dream to people in a poor Latin American country. It is a dream that will be hard to kill with bullets. Perhaps it would be best if we let it die from reality. ◻

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TIM TEEBKEN

All Revved Up and No Place to Go

How the state has ruined a venerable rite of passage.

by Ken Livingston

I learned to drive in the car culture of central Florida during the mid-1960s. My father, a mechanic and one-time driver of dirt-track racers, began teaching me the joys and risks of driving when I was just 14, but much of the ethos of the car culture was not taught but absorbed, in a kind of adolescent osmosis. The automobile was not merely transportation, it was moving shelter, privacy, a home away from home. It was freedom embodied. I held it as an unexamined article of faith that the liberties to which I was entitled in my home (and then some, during my teens) extended to the life I lived behind the wheel, and I have long looked forward, with some very parental ambivalence to be sure, to introducing my own children to the world of the automobile. At least I did so until very recently. Now when I construct a fantasy of how the rite of passage might proceed, it seems far from what I had once envisioned.

"Well, here we are. Your first driving lesson. Boy this brings back memories."

"Yeah? When did you learn to drive?"

"I suppose I'm still at it in some ways, but the first time my father took me out was in 1963. He sat next to me on the bench seat of his brand new fire-engine red Dodge, one of the big monsters with a 383-cubic-inch, four-barrel..."

"How many liters is that?"

"A little over six, I think, but..."

"Six?!"

"Something like that. Anyway, he sat so that he could manipulate the pedals and I steered. After about 5 minutes or so of easy cruising he punched the accelerator to the floor and sent us careening down an old country road with the speedometer needle over 60 and climbing the last time I dared take my eyes off the road to look. At the end of an eternal minute or two he brought us to a stop and gave me a very vivid lecture about the serious side of the fun of hurling two tons of metal around at high speeds. I don't think my pulse returned to normal for a week."

"Wow! Sounds great! Let's go!"

"No, no. First there are a few things I have to tell you about. Climb on in."

"Oh, okay."

"Now, in front of you is the instrument panel. You already know what most of this is, right? This is the speedometer..."

"Hey, will this old thing really go 110 miles an hour?"

"Well, no, but..."

"Why is there a big red line above 55?"

"Because you're not supposed to go any faster than that. That's the maximum speed limit."

"Oh, yeah. Why 55, anyway?"

"Well, it actually used to be higher—65, 70, even unlimited in some places—but the federal government forced the states to reduce it during the oil crisis back in the early '70s."

"To save oil?"

"Right."

"But the oil crisis is over, isn't it?"

"Yes it is, but a lot of people thought that lowering the speed limit saved lives in addition to saving gas, even though it didn't really save much in the way of gas at all, and the evidence isn't really all that good that it saves lives either now that I think of it, so..."

"So why is the speed limit still 55?"

"I don't know."

"Doesn't make sense. I don't get it."

"Good for you. But let's get back to driving. Now look. This is the ignition. Insert the key like so, and now buckle your seat belt or it'll buzz at you."

"I know about this. Andrea showed me how her father disconnected the buzzers on their cars. Wanna see?"

"No, thanks. I know how to do it."

"So why not do it? Seems pretty annoying."

"I guess it is, but probably not for the reasons you think. It really is smarter to wear a seat belt, and now that you're learning to drive, I'll leave the buzzer connected until you get into the habit of putting the belt on. Besides the fact that it's dumb not to wear it, if you get stopped without it, you'll get a ticket."

"A *ticket*?"

"Right. It's against the law in New York not to wear a seat belt while driving."

"Can they do that?"

"Apparently so."

"But why not just make it so that you can't drive unless you fasten the seat belt or something? Then people would *have* to wear them."

"Clever idea, if you're into that sort of thing. It turns out that they tried that back in the '70s for a while, but people just disconnected the device. Without some way of compelling the driver to shape up, no mechanical device will serve the purpose. People will always find a way to do what they wanted to do in the first place."

"But in that case, why make them wear seat belts?"

"For their own good, remember?"

"But smoking isn't good for you, or eating too much junk food. And what about things like skydiving and speedboat racing? I mean, it seems strange that they have the right to tell you what you have to do in your own car."

"Well, even some of the law's supporters worried about that, for a minute or two. But they argued that they already had the right to require that you signal turns and things like that, so this was just a further expansion of that power. Speaking of signals, this lever operates the turn signal..."

"Somehow those don't seem the same to me."

"Oh. Well, why not?"

"Uh—I'm not sure, but it seems to me that if I don't wear my seat belt, no one else gets hurt, but if I don't signal a turn, or my brake lights don't work so that some other driver doesn't know when I'm stopping...well, it makes it pretty hard for the other guy to drive well, or safely, or something."

"Good thinking. But that's just the sort of argument used by seat-belt lawmakers in *support* of the law. If I don't wear my belt and I get killed or permanently disabled as a result, the insurance companies end up paying a lot of money. That raises *everybody's* rates. So when I don't wear a belt, it does affect you."

"I don't know. I understand what you're saying, but it still doesn't seem the same somehow. I mean if that's the worry then why not allow the insurance companies to not pay up if the driver has an accident and isn't wearing a belt?"

"Are you sure you haven't been reading up on this?"

"Yeah, why?"

"Never mind. The problem with that solution is that people in minor accidents will just put the belt on before the cops arrive. People in more serious accidents who wind up not collecting insurance become a burden to us in different ways. Suppose a guy gets killed in an accident and gets no insurance because he wasn't wearing a belt. Now his wife and kids go on welfare, at least for a while, and everybody still pays."

"So what are you saying? You think this is a good law? It doesn't sound like you."

"No, it's not a good law."

"But why not?"

"Because it's based on a faulty analysis. Everything I do affects other people to *some* extent, but there are different kinds of effects. If I do something that infringes on your rights, then I am, or should be, culpable."

"Like stealing, or beating up on somebody."

"Exactly. But you don't have a *right* to pay a certain amount for insurance any more than you have a right to pay only certain amounts for anything else. And by the same logic, the state of New York does not have the moral right, though it has, apparently, the legal right, to make me wear a seat belt if I don't want to."

"I guess I get it."

"If the argument on grounds of principle isn't convincing, then just look at it pragmatically for a minute. By the logic of the supporters of seat-belt laws, any action I take that raises insurance rates warrants a law to forbid that action. Remember your own examples. If I smoke, or I eat too much and become obese, odds are that I will die sooner, the insurance company pays out sooner, and everybody's rates go up. So there ought to be a law against smoking and obesity on the grounds that such laws will lower everybody's insurance rates. But of course, most people would agree that such laws would be wrong and absurd."

"Because you have a right to be unhealthy if you want to?"

"Precisely. If I want to ignore the data on smoking or wearing seat belts, you shouldn't be able to force me to do otherwise. It's very paternalistic and sets a bad precedent."

"Yeah, but now I'm confused about where you're drawing the line. I mean, what about drinking alcohol while you're driving? Remember the Johnsons? They almost got killed in that accident when the drunk driver jumped the median, and nothing happened to him at all."

"And plenty should have. He should have been arrested for reckless endangerment or something of the kind. But the solution is not to arrest everyone who drives after drinking. That leads to the same kinds of absurdities we talked about in connection with seat-belt laws."

"Why is that?"

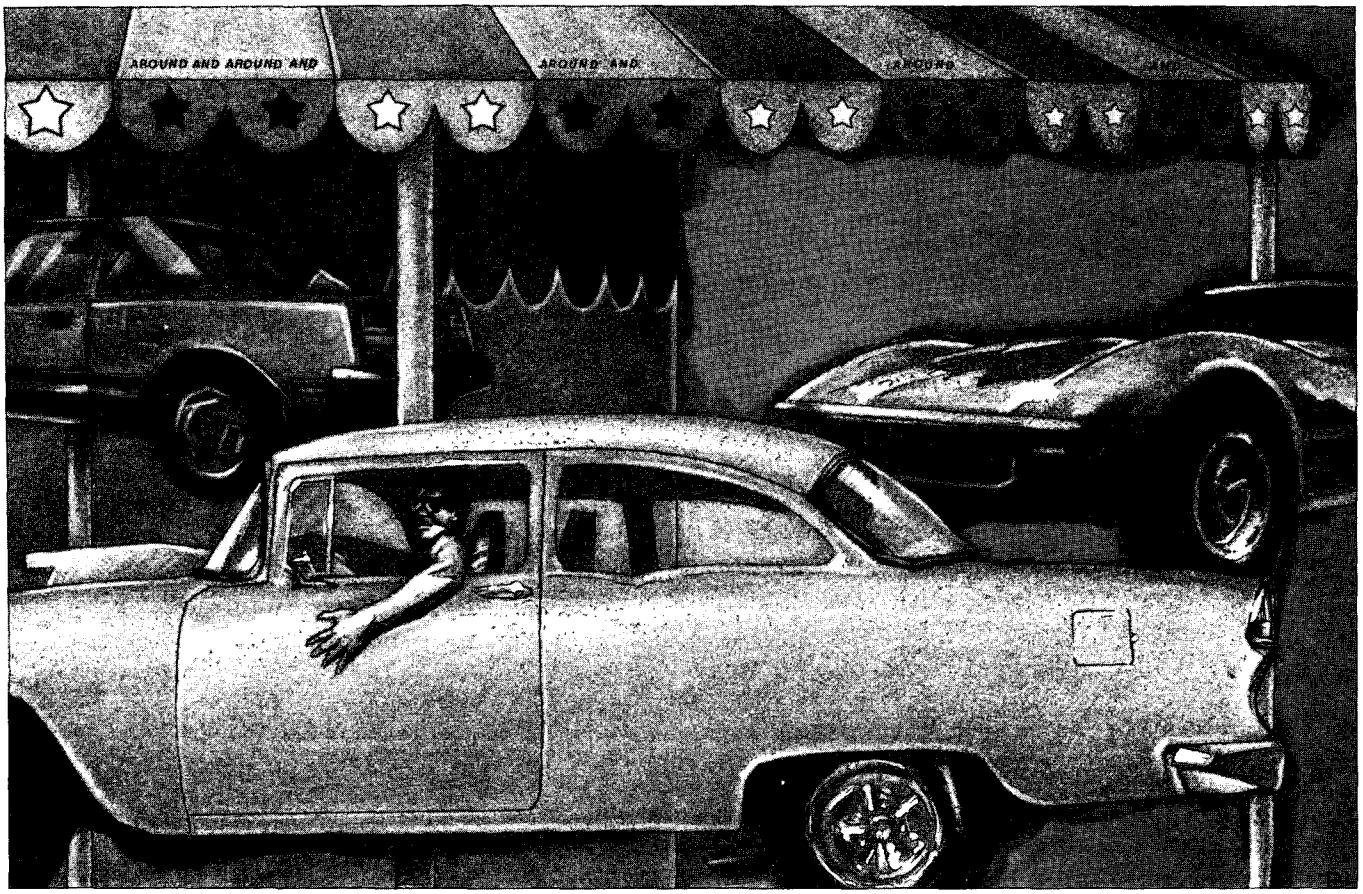
"Because such laws are based on a statistical generalization. An apparently disproportionate number of accidents involve people who have been drinking."

"Why did you say 'apparently'?"

"Because no one really knows what percentage of the miles driven in this country are driven by people who have been drinking. But that's not the issue. I personally think it's a reasonable bet that you're more likely to be involved in an accident if you're driving while drunk. Which reminds me—if I ever catch you doing something stupid like that we'll be talking about some long-term and maybe permanent grounding, at least for as long as you live in my house and I pay the insurance bills."

"Okay, okay, I get the point. But if drinking when driving is dangerous, why not outlaw it?"

"Because it amounts to what lawyer



types call 'prior restraint,' and by and large the Constitution takes a dim view of such action."

"What's 'prior restraint'?"

"Well, let's try an analogy. If you speak critically of people or attack them publicly when you're angry, you're much more likely to libel or slander them than if you never say anything. But to rule out angry or critical comments before the fact of an actual slander would mean the end of freedom of speech."

"I see where you're going with this, but it doesn't seem the same. Drunk drivers do maim and kill people."

"Slander and libel can and have killed businesses, ideas, reputations. In other words, the *means* to live. But take another example. It is a statistical fact that if you are a male member of any one of several minority groups and living in a major metropolitan area, you are more likely to commit a crime than if you are not a member of such a group. Does that mean I have the right to arrest you, an individual, solely on the basis of the probabilities for people grouped according to race or ethnic background?"

"Of course not!"

"Same argument applies to 'driving while intoxicated' laws. You can't use the probabilities for whole groups to decide how to treat individuals."

"So what about drunks who walk away from accidents in which they've killed people and are back on the road the next day?"

"There's a problem with laws that protect *any* driver who through negligence causes harm to someone else. And I would argue simply that a person who causes an accident while intoxicated has on the face of it acted negligently. The burden of proof should be on her or him to show that that was not the case. If the penalties are severe enough under those circumstances, people will use better judgement about drinking and driving because there are powerful incentives for them to do so."

"Well, I guess that might work, but it seems odd to wait until after an accident to do anything about it."

"Look, if you try to handle it any other way you wind up having to defend the idea that people can be found guilty of being in a condition that merely increases the *likelihood* that they might cause harm to another person! If you take that road, then you'd have to arrest people who smoke while driving, because statistics show that they're twice as likely to be involved in accidents as people who don't smoke. People who drive when extremely fatigued or sleep-deprived, or with their left elbow out the window, left pinky on the steering wheel, and right arm around some cute young thing are also more likely to be involved in accidents. Where would this lead? Pretty soon we'd all be wearing monitors that broadcast the evidence of our current physical condition to receivers in patrol cars, and anybody caught without both hands on the wheel or with abnormal body readings would be off the road and into jail before you could say 'Land of the free and home of the brave'!"

"Jeez, Dad, calm down, calm down!"

"Right, right. Okay. Listen, I think you've learned enough about driving for one day."

"But I didn't learn *anything* about driving."

"I know, I know, but. . .somehow this isn't going quite the way I imagined it would. Hey, it's a really nice day. What do you say we go get the rest of the family and go for a nice walk? We can come back to this another time."

"Well, all right, but this isn't nearly as much fun as you said it would be. I mean, what about all those great stories of spinning out in parking lots, and four-wheel drifts to just inside the double yellow lines, and long, winding roads at high speeds?"

"Yeah, well, welcome to the 1980s. Maybe people will wake up before the '90s, but just in case, maybe we'd better take that walk while it's still legal." ◧

Ken Livingston is an associate professor of psychology at Vassar College in Poughkeepsie, New York.

Gatsha Buthelezi

"Bloody revolutions fought against terrible oppression do not automatically bring about great improvements." So writes 57-year-old Mangosuthu Gatsha Buthelezi (boot-uh-LAZE-ee), chief minister of the KwaZulu homeland and one of the two most popular leaders of South Africa's black population (the other being the imprisoned leader of the outlawed African National Congress, Nelson Mandela). In a nation where extremists of both colors dominate world headlines, Gatsha Buthelezi may be the moderates' last, best chance at averting bloodshed.

Buthelezi descends from a long line of Zulu kings, beginning with King Shaka, founder of the Zulu nation in the early 1800s. He speaks with pride of ancestors who led the Zulu army into battle against the British imperialists. Yet his lineage is of little consequence to South Africa's white minority government. Buthelezi is subject to the same indignities of apartheid as his black countrymen—he has been arrested more than once for not carrying the required identity papers.

Today Buthelezi wears two hats. As the elected leader of South Africa's 7 million Zulus, he represents the largest discrete ethnic group in that troubled nation. He is also president of the one-million-strong Inkatha, the largest political association in South Africa.

An articulate man, Buthelezi has made enemies on the left and right. He has enraged the South African government by assailing its homelands policy, by which the government has hoped to segregate its 23 million black subjects into 10 tribal homelands scattered about South Africa. And, although officially committed to securing a one-man, one-vote system in South Africa, Buthelezi has time and again revealed a pragmatic streak that draws the ire of the left. He is an adamant opponent of violence as a weapon of liberation and is willing to accept reforms falling short of one-man, one-vote. "Politics, after all," he observes, "is the art of the possible."

Chief Gatsha Buthelezi was interviewed recently by REASON *Editor and Publisher Robert W. Poole, Jr., in New Orleans, where Buthelezi was a featured speaker at the annual conference of the National Committee for Monetary Reform.*

Reason: As you see the situation in South Africa today, is violent revolution inevitable, or is there hope for a peaceful solution?

Buthelezi: I think there is still hope for a peaceful solution. After all, violence has been tried by the ANC [African National Congress] for quite a long time already, and it has not succeeded. Neither it nor nonviolence has toppled the government.

Reason: Does violence become justified at some point?

Buthelezi: I do believe that there is such a thing as a just war. I don't, for instance, say that it is not possible in any people's history that there may come a time when a war is justified. But at the moment my people, the black people of South Africa, have not given me the impression they are keen to try that option. Violence is something human beings resort to when everything else has failed. And I just don't believe everything else has failed.

Reason: Is it possible for blacks and Afrikaners eventually to live together peaceably in South Africa, or is the legacy of apartheid too great?

Buthelezi: I think really we've lived together for a long time—true enough, lived together as enemies rather than as friends, but blacks need whites as well as whites need blacks. So I do believe that Afrikaners and blacks can live together. I think that some of the little cracks—very, very little cracks—that one can point to—repealing, for instance, the Mixed Marriages Act—to me those are really signs that in fact it is possible, because that is one of the things which are very important to *them*.

Reason: Commentators in the United States often portray measures like that as simply cosmetic.

Buthelezi: If you're a South African, you can't dismiss it like that. If you know the psychology of the Afrikaner, and if you know that when this comes up for a vote the Afrikaner says, "Do you want your girl to marry a 'kaffir'?" (which is equivalent to a "nigger"), then you would know that it is a very difficult thing for them to move away from that. And in 87 percent of the country which they've always regarded as "white South

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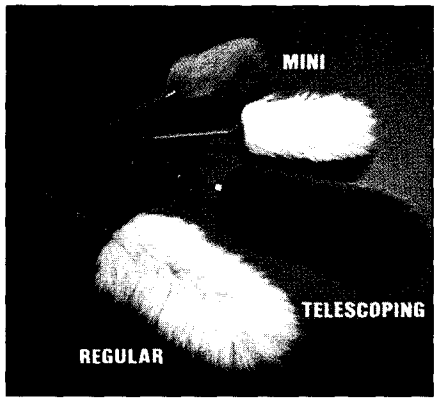

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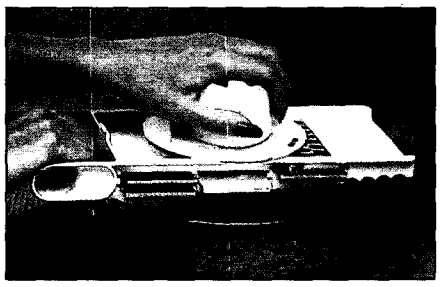

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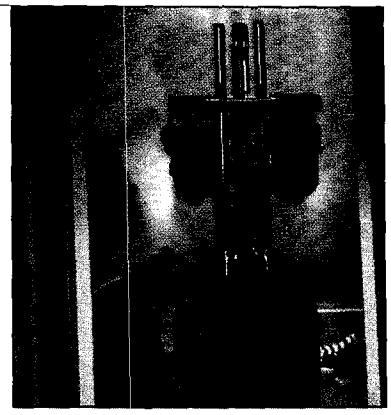
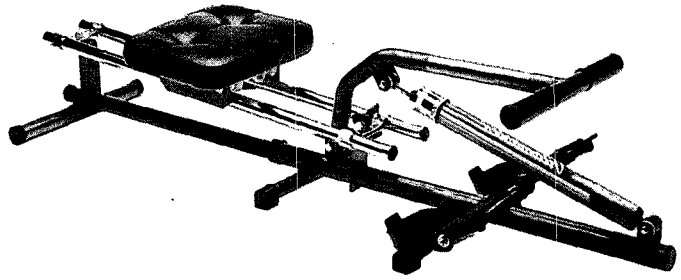
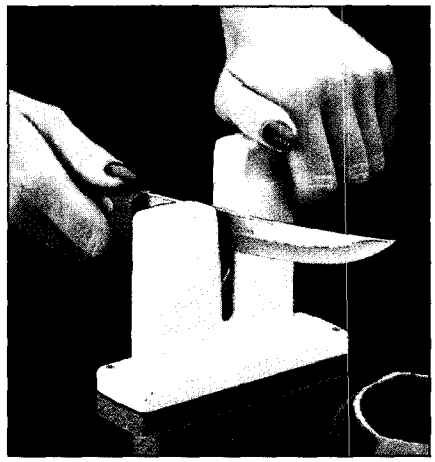




SHARPEST OF THE SHARPENERS



The classic knife sharpening tool is the butcher's steel, but most people find it intimidating. The Chantry Knife Sharpener duplicates butcher steel action but makes it so simple anyone can sharpen and realign a blade edge perfectly in moments. As the knife edge is drawn between a pair of hard (Rockwell 64-65) Sheffield Steel rods, spring-loaded at just the proper angle, both sides of the blade are aligned. Works on stainless or carbon steel knives, straight or serrated edges. The Chantry is made of heavily enameled steel, can be countertop mounted, costs **$32.00** ($4.95) #A1225. It is included in the permanent design collection of the Museum of Modern Art.

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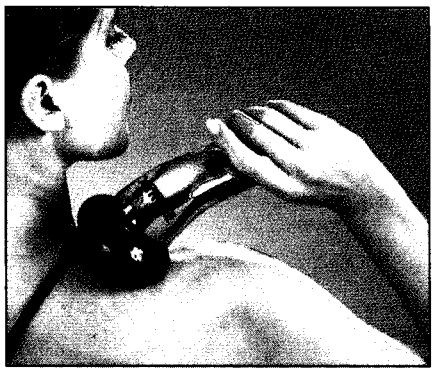

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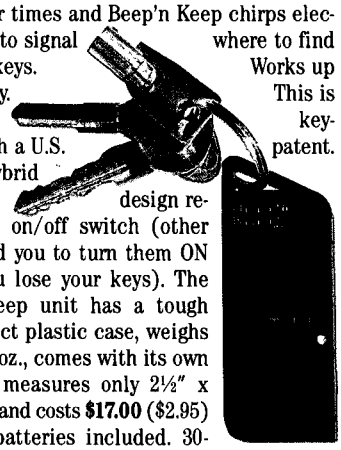

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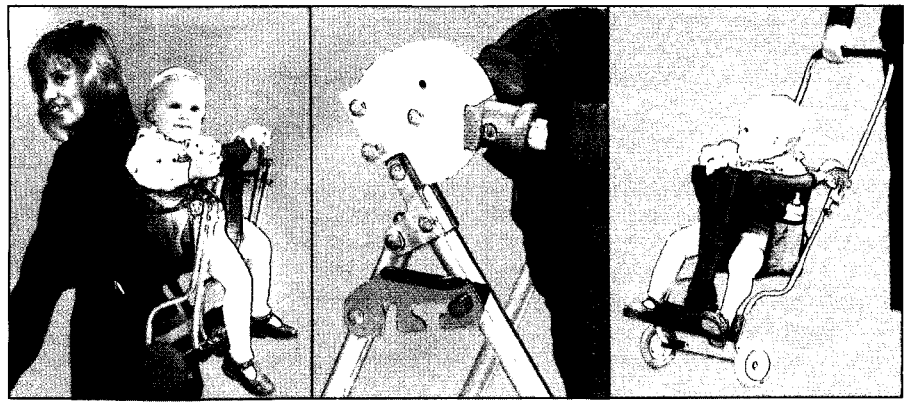

How to carry the baby. It is one of humankind's longest standing concerns. But the new 2-in-1 Kiddie Caddy opens a new era of convenience and choice. One moment it is a deluxe backpack carrier with a double set of leg openings so baby can face forwards or back. The next moment it is a two-wheeled stroller-type carrier that lets you wheel the baby along in comfort. Weighs a mere 4 lbs., converts in just two quick motions. Unique hinge system allows whole unit to fold nearly flat for compact storage. Aluminum frame with durable washable nylon fabric. Padded seat with safety strap for baby, padded shoulder straps and back support for parents. Carrier locks into place as a stand for ease of entry and exit. Wheel covers protect against dirt. The 2-in-1 Kiddie Caddy improves the mobility of any family with small children, makes an ideal gift. **$59.00** ($6.95) #A1519. Recommended for babies up to 40 lbs.

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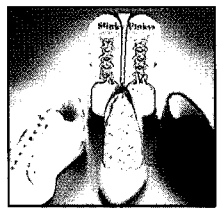
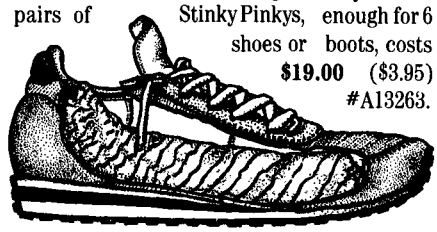


Fortunately, human anatomy is arranged so the nose and the feet are separated by the greatest possible distance. Even so, the twain do occasionally meet — and the nose is usually not delighted to know of the foot's exertions. Now just put a Stinky Pinky "sock" in each shoe and overnight odor is gone, absorbed by the special blend of all-natural earth materials. Works in running shoes, sneakers, boots, leather shoes, anything that goes on your feet. And keeps on working, too — just put Stinky Pinkys out in the sun for a day every three months or so to restore their odor-catching ability. Three pairs of Stinky Pinkys, enough for 6 shoes or boots, costs **$19.00** ($3.95) #A13263.



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Africa," they now admit that blacks will be there permanently—that is really quite a shift. That is not to say that the measure has addressed the real issue, which is, of course, participation by blacks in decisionmaking at the center of power. But, I don't think it is fair for anyone to just dismiss those things as cosmetic, because they're much more.

Reason: Do you support the campaign in the United States for disinvestment in South Africa?

Buthelezi: No, I don't support it, because black people in South Africa don't support it. There are voices in South Africa which are in favor of it, but there has been no mass meeting of black people to support it. I address black people in tens of thousands, even in the heart of industrialized South Africa in Soweto, and each time I raise this subject and each time I've never found even one voice saying they favor disinvestment.

Reason: What's the best thing the United States government could do to help end apartheid?

Buthelezi: They should lean on Botha. I think what was proposed by a recent conference is a good thing, of having eminent people really talking to Botha. I don't say that they should dictate to Botha, but I mean leaning on him, diplomatic leaning on him, because of the diplomatic clout which a country like the United States has. I think that the attitudes and the stance adopted by the Reagan administration have been very reasonable, and South Africa should appreciate that. And also the administration has balanced this, in my view. Even forbidding the sale of krugerrands—they've balanced it very nicely with a statement of humanitarian aid.

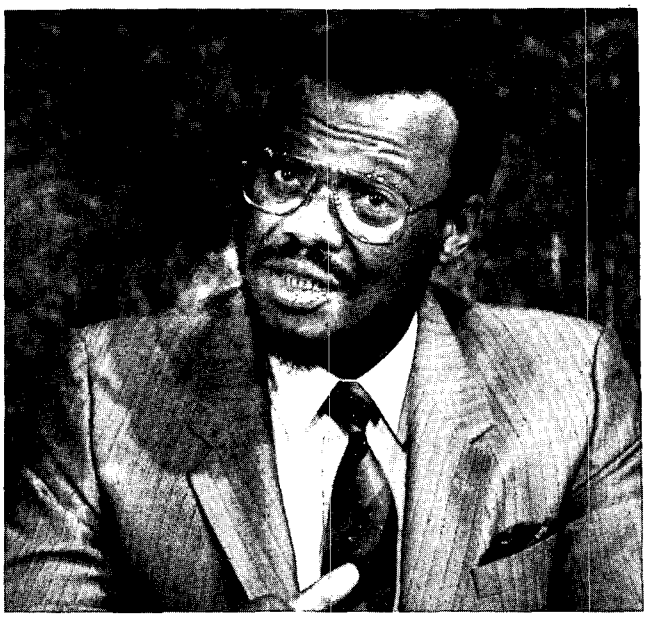
Reason: Most of the violence in South Africa today seems to be blacks against blacks.

Buthelezi: That's for sure.

Reason: Why is that?

Buthelezi: There are two reasons. Of course, one mustn't expect that blacks are different from other human beings. What worries one in this situation is that the hatred that is generated is just unbelievable.

Then there are differences over strategy. There's no difference on the rejection of apartheid by all black organizations. They are all agreed that apartheid must be eliminated. But you see, the problem comes about when they say that what *they* do is the only thing. This is created by the ANC, who see themselves as the government in exile and therefore want to eliminate any other person.



Violence is something human beings resort to when everything else has failed. And I just don't believe everything else has failed.

Reason: So it's a power struggle for who is going to be seen as representing blacks in South Africa?

Buthelezi: In fact, they see themselves already as a government in exile, so they regard a person like myself as an obstacle who must be removed.

Reason: Is the ANC primarily representative of certain black peoples and not others?

Buthelezi: I was a member of ANC myself until it was banned. And then, of course, they established an "extended mission" for ANC. You know, I can't get over that language. Today, both the media and also people in general talk of the extended mission as if they are *the* ANC, whereas the ANC which was operating democratically through conferences of elected people, prior to being banned, is no longer operating.

Reason: In terms of its goals and methods of operation, what is the difference between your Inkatha movement and the ANC?

Buthelezi: The Inkatha was founded and is structured on the ideals of the old ANC as propounded by its founding fathers in 1912. It operates on the strategy of Chief Albert Lutuli, who was a Nobel Peace Prize laureate—using only nonviolent methods to bring pressure to bear on the regime to bring about change. Inkatha is committed to negotiation, whereas ANC—the extended mission, known as ANC General, now—operates on the stance that there is nothing left to do except to fight. They are even campaigning, for instance, for isolation of South Africa as part and parcel of that, because they really want to break the economy of South Africa.

Reason: So you're saying that they know that disinvestment and embargoes would cause harm in South Africa?

Buthelezi: Their *aim* is to wreck the economy of South Africa. Mr. [Oliver] Tambo [head of the ANC in exile] says that he wants to build something in the ruins. This is the difference between us, because I wouldn't want to be a person who builds something on ruins. I have seen what has happened in Mozambique, for instance. That kind of suffering I would never want to be responsible for.

Reason: Should the South African government free Nelson Mandela?

Buthelezi: I have done more campaigning for his release than anyone else in South Africa. I am not exaggerating. I do it privately, mostly, in correspondence and so on, in the hope that in fact they will free him. If they don't, it makes it difficult for those of us who want to negotiate.

Reason: Is Mandela a communist?

Buthelezi: As far as I knew him—I knew him well—he wasn't. Mr. [John] Vorster [former prime minister] accused him of being a communist, saying that he boasted in court that he was a communist. But I established through Dr. Percy Yutar, who prosecuted, that he never said so. He says all that happened in court is that there was a document, which was one of the exhibits, which was prepared in Mandela's handwriting, on how to become a good communist. And he refused to be examined.

Reason: So even though he himself refuses to renounce violence...

Buthelezi: I think he should be released on humanitarian grounds, because he's 67. He's ailing, too.

Reason: Would you be satisfied with a political reform in South Africa that gave limited political rights—such as in some sort of federalized situation—but not necessarily one-man, one-vote in an overall nationwide sense?

Buthelezi: No. What I've said is my ideal is one-man, one-vote. But in South Africa, you see, I've gone further than anyone else, because I've gone beyond theory in that I set up a commission in '82 which came out with proposals for the region of Natal [KwaZulu is located within Natal province] as one unit of one South Africa. The commission recommended a consociational model, where all races would exercise a vote within one legislature, diluted with the minority veto. As early as '73 or '4, I spoke in Capetown and said that people of South Africa must get away from the idea that the only model that we should look to is the Westminster model and that we should look at the federal solution as a possibility for South Africa.

Reason: So everyone would have a vote with respect to limited powers for a national government and more specific powers for regional or local government?

Buthelezi: Yes, that's it. Kind of devolution of power.

Reason: What are the prospects that your proposed solution could be adopted in the Natal province?

Buthelezi: Negotiations have gone very, very far. In fact, when I left South Africa, the administrator who is the head of the white provincial government had already written to me to say that we must approach Mr. Botha now, because there have been negotiations going on between members of my cabinet and members of his executive council.

Reason: So we might see something, some announcement, within the next six months to a year?

Buthelezi: I hope so. I do really hope so. I hope that the state president will not obstruct us.

Reason: Is your goal for the South African economy a free market, a mixed economy, or...

Buthelezi: I believe in the free market.

Reason: Do you think that's a realistic hope?

Buthelezi: I don't know, but I say that because I don't know of any economic system devised by human beings which is such a potent force for development, which creates jobs as quickly as the free-enterprise system does. I don't say it's perfect. In fact, I've expressed many times to the business community of South Africa that unless they free the free-enterprise system and unless they make the free-enterprise system meaningful to black people and unless they create more points of entry for black people to be part of it—not just recipients of wages—we have no future in liberation. And therefore, I am anxious myself that as much as possible opportunity should be created for blacks to actually be part and parcel of it. Now.

Reason: Do most black people in South Africa consider the term *capitalism* to be somehow linked with apartheid?

Buthelezi: Yes. The truth of the matter is that business in the past did rake off profits from apartheid. It is true that there were very iniquitous laws and that businessmen avoided the issue by saying that they were not in politics. But I think that they've moved away from that, out of self-interest. They are in the forefront of the campaign now.

Reason: Does the average Zulu see business, then, as a positive force and capitalism as a positive force?

Buthelezi: I think they see it as a positive force because black people in South Africa are cash-dependent today. I mean, there are areas—such as Soweto—that could be cordoned off and people could be starved to death, because all of them are dependent on pay packets.

Reason: Several of the black "homelands" have been declared independent but are not recognized as countries by any other governments. What is your view of their independence? Are they really fictions that are creations of the South African government?

Buthelezi: I think they are fictions created by the South African government, and that's why although I know some of the leaders and have good relations with them, I find it very difficult to even visit, because I don't want to give the impression that I endorse what they did. I think it was a mistake.

Reason: You have not taken KwaZulu independent.

Buthelezi: It is well known that from the very beginning we have been opposed.

Reason: Because you believe that would be counterproductive to the longer-term goals of reaching full political...

Buthelezi: It is cheeky for whites to say they can give me independence. Zulus are a sovereign nation, and we were smashed by the British and therefore were thrown into unrest with another people. Therefore, while we don't say that the Zulu cultural or language group can be dismantled as such, we are South Africans.

Reason: What do you think of what is going on in the homeland of Ciskei in terms of...

Buthelezi: Well, I only read what is written, because I've never been there. I was educated at Fort Hare University, which is situated there. But lately, what I read is in the papers, what you read from here.

Reason: Our understanding, although I've not been there either, is that companies are coming in and investing and that they've abolished many controls, restrictions, regulations; they've cut taxes; they've abolished the race laws. It has looked to many advocates of freedom in this country as if they've made a great deal of progress in improving the lives of the people there.

Buthelezi: It is inconsequential to me, because as far as I'm concerned, I'm a South African. I want KwaZulu to develop as part of South Africa, not as an entity with any intention of fragmenting either the black people of South Africa or the sovereign nation.

Reason: Some American conservatives argue that the South African government is not any more oppressive than the governments of many other black nations in Africa. True?

Buthelezi: It could well be so. But I myself don't think it is relevant, because two wrongs don't make a right.

Reason: All things considered, are you optimistic for the future of your country?

Buthelezi: There is a lot that makes one despondent, but I don't think that one should give up hope. I don't. ◻

It is cheeky for whites to say they can give me independence. Zulus are a sovereign nation. We are South Africans.

Money Talks with the Stock Cops

Does Pia Zadora know a spreadsheet from a bedsheet? It doesn't matter to the SEC, where securities-law elitism reigns.

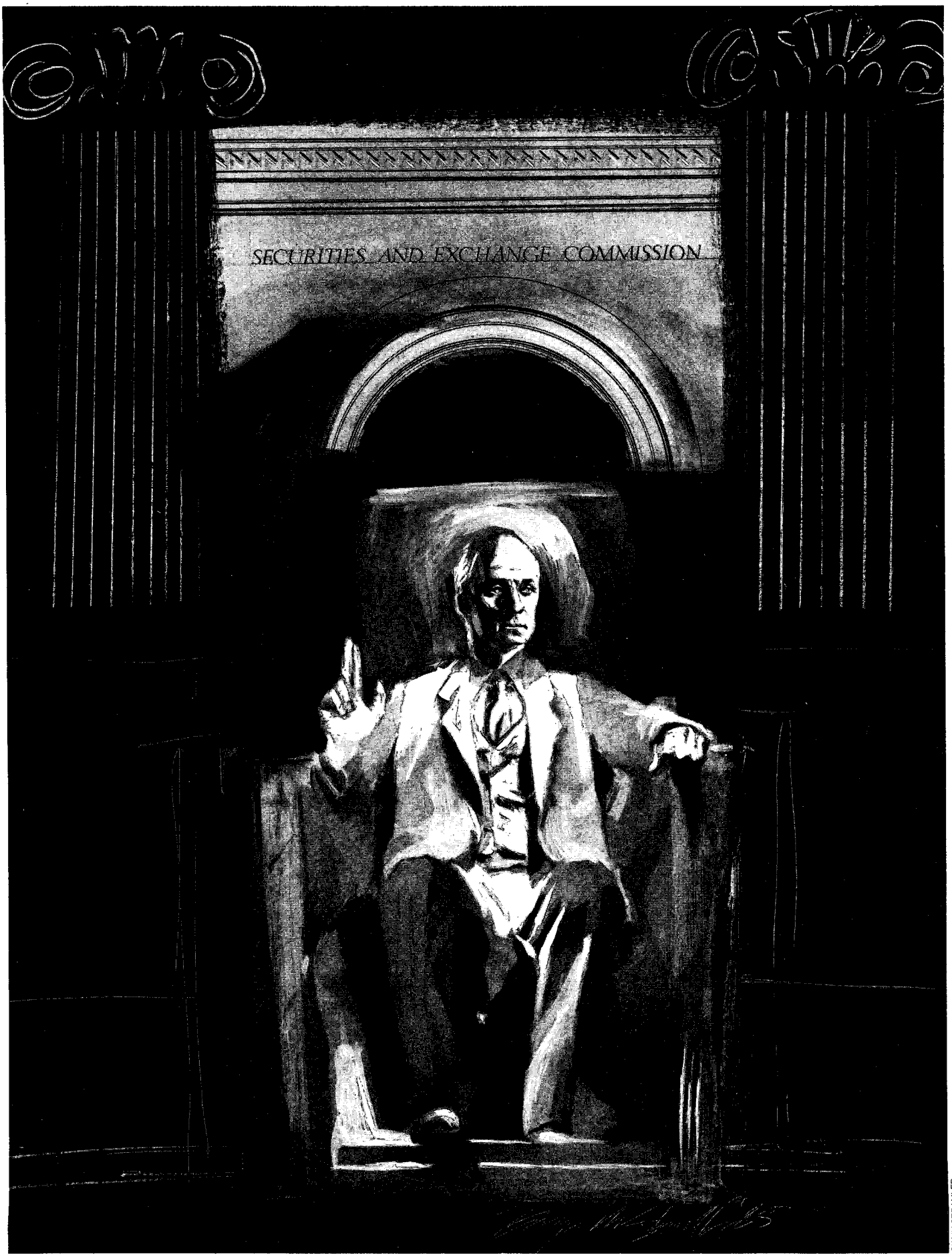
Are millionaires smarter than the rest of us? Our federal watchdogs at the Securities and Exchange Commission seem to think so. And based on that assumption, the nation's stock cops have reserved for big-money investors certain investment opportunities that are off-limits to less-moneyed citizens.

A lot of people trust government agencies like the SEC to preserve justice. But though it's supposed to be watching the financiers, someone should be watching the SEC. Public scrutiny of the commission, however, is so lacking that not many people have ever even *heard* of Regulation D, which grants certain investment privileges to millionaires—except the millionaires, of course. They take advantage of the rule every day.

We'll get to the rule in a bit, but first some background. Since 1933, the SEC has been regulating the sale of securities, predominantly according to the "rotten egg" philosophy. In other words, someone can sell you even a rotten egg (a worthless security, that is) as long as the person first tells you it's rotten. Unlike most other government agencies, such as, for example, the Food and Drug Administration, the SEC does not as a routine matter directly prohibit the sale of products under its jurisdiction. Nor, in fact, does it routinely make any qualitative judgment whatsoever about securities offered for sale. Its chief concern is that you have at your disposal, before you buy stock in a company, a certain amount of information about the company. Presumably, this will allow you to make an informed decision about the potential risks and returns.

To illustrate the difference between the SEC's approach to market regulation and the approach of most other agencies, such as the FDA, take the case of Laetrile. In this country you cannot buy Laetrile, once thought by some to be useful in treating cancer, because according to the FDA it has not been proven safe and effective. Even if you walked into the FDA's offices in Washington, D.C., pointed to the portion of your body being ravaged by cancer, and told the person in charge that you're fully aware he thinks Laetrile won't help you but, what the heck, you figure you'd like to give it a

by *Craig Michael Collins*



GWYN STRAMLER

shot, he would be obligated under FDA policy to refuse to allow you to buy it.

Under SEC policy, on the other hand, you could buy stock in a company that proposed as its sole potential source of revenue the sale of Laetrile. As long as the company told you that its revenues were entirely dependent upon the sale of a drug of questionable legitimacy, and thus you may never get a return on your investment, the SEC would leave it up to you to decide whether you should throw your money away.

It's a Good Theory, But...

At least in theory, the SEC regulatory philosophy, which aspires to the maxim "Let the *informed* buyer beware," is the better of the two. It avoids the oppressively paternalistic approach of agencies such as the FDA, which endeavor to do what's best for you whether you like it or not. Also, the SEC approach actually might be "efficient," in the economic sense: by increasing the availability of information, the SEC may be making it easier for buyers and sellers to recognize their true best interests and, therefore, to more actively pursue them. The presence of uninformed buyers and sellers is one of the most significant reasons (another is transaction costs) why the market does not always behave as efficiently as the economists' models of it. Increasing the amount of available information assists owners of capital resources in pursuing the most profitable—and, therefore, we hope, the most productive—investments.

It's a good theory. Unfortunately, as one might expect, the concept does not work as well in practice, because information is not costless. Or, with apologies to Milton Friedman, there's no such thing as a free prospectus. Information, though perhaps less tangible than guns, butter, or corporate securities, is itself a good nonetheless, subject to the forces of supply and demand. In a free market, investor demand for information about their investments would quite likely result in an optimum amount of such information being supplied, with due regard given to the cost of providing it.

There is not much doubt, however, that current SEC regulations require companies to supply much more information than they otherwise would. Any company preparing to make a public offering of its stock must distribute to all potential investors a booklet known as a "prospectus." Because of the detailed nature of the information that must appear in a prospectus, and because of the huge legal liabilities to which a company is exposed if the prospectus contains any misinformation whatsoever, a no-frills prospectus for a relatively simple transaction can easily cost more than $100,000 (mostly in attorneys' and accountants' fees and printing expenses). The cost in a moderately complex transaction could be five times as much. In the face of these expensive disclosure requirements, many companies look for different ways to raise capital, such as borrowing money from banks or other institutional lenders.

With apologies to Milton Friedman, there's no such thing as a free prospectus. Information, though less tangible than guns or butter, is also a good subject to the forces of supply and demand.

And even if a public offering involved no out-of-pocket expenses whatsoever, many companies would continue to use other methods of raising capital because the SEC's registration procedure, which requires among other things that the company wait for certain approvals to come from the SEC in Washington, can delay the company's efforts to solicit investors. The financial market is relatively volatile; stocks fall in and out of favor so quickly that even a slight delay can cost a company thousands of dollars in lost capital. Also, after the offering has been made, a publicly held company must comply with certain on-going reporting requirements, such as disclosing information about its business in quarterly and annual filings with the SEC.

As if that were not enough, a publicly held company must make special filings any time a material change occurs in its operations. Not only will the law firm make a nice fee from the initial offering, but if the company survives it can provide the law firm with something like an annuity. The firm will get a steady stream of legal business from the company for preparing these regular filings. Many companies want to avoid such continuing expenses and also want to avoid revealing too much about their operations to competitors, since reports filed with the SEC are freely available to the public. All these costs, monetary and nonmonetary, prevent many companies from offering stock to you.

Money Changes Everything

The SEC itself has, over the years, come to recognize the burdensome nature of its own regulations, and thus it has created a rather elaborate set of exemptions from them. One of these exemptions, known as Regulation D, permits a company to offer securities without having to comply with the registration requirements of the Securities Act, provided, of course, that it meets certain conditions. One of these conditions is that the company must "reasonably believe that there are no more than 35 purchasers of securities" in the offering. It appears that if the company is trying to raise any significant amount of money, it must find 35 very rich people—except that certain investors, known as "Accredited Investors," have the privilege of buying in without being counted among the 35.

So who are these privileged "Accredited Investors"? Mostly, they are those you would expect to be favored by

Congress (monied interest groups with powerful lobbies), such as banks, insurance companies, and other investment organizations. If you don't happen to qualify as such, but you're interested nontheless in having companies beseech you with their Regulation D stock offerings, don't give up. You may be an Accredited Investor under one of the other definitions. The SEC gives Accredited Investor privileges to anybody "whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds $1,000,000." The ostensible reason for classifying millionaires as Accredited Investors seems to be either that they are more wealthy, and therefore can better suffer the result of a sour investment, or that they are more sophisticated in financial matters and therefore do not need the protection supposedly supplied by SEC disclosure requirements.

The former argument is not very persuasive. There is nothing in Regulation D to prevent a millionaire from investing his entire fortune. Someone who loses his entire fortune in a bad investment is just as destitute whether he started out with a million dollars or just one. The other justification for the millionaire privilege—that rich people are more shrewd—remains.

There are a significant number of investment opportunities offered each year under Regulation D, and most people are prevented from participating in them. These investments, offered by companies who choose not to register with the SEC for whatever reason, are reserved for an elite class of supposedly sophisticated investors. Bus drivers, waitresses, and school teachers are left to buy securities only through registered offerings. This allegedly protects these nonmillionaires because they will have been given, before being allowed to invest in the registered offerings, a prospectus warning them of the risks of their investment.

Putting aside for the moment all other concerns (like morality and fairness), this SEC regulation is indefensible simply because it doesn't achieve its intended goal. It is based on a false premise: that rich people are smarter. Actress Pia Zadora, wife of millionaire Meshulam Riklis, is an Accredited Investor (about a hundred times over), while it is possible that a corporate securities analyst with the biggest investment house in New York would not be. Ms. Zadora might have a colossal talent for acting but, when it comes to finance, she may not know a spreadsheet from a bedsheet. It is presumptuous, at best, to assume that she is financially sophisticated simply because she married well.

Ms. Zadora may be one of the first examples to come to mind, but she is certainly not alone. In addition to marriage, there are many other devices—such as inheritances, lotteries, and the entertainment and sports industries—for the acquisition of great wealth by numbbrained baboons who wouldn't know an asset from an ass.

All of these devices make America a land of great opportunity, but they undermine the premise upon which Regulation D is based. The SEC, possibly infiltrated by a peculiar brand of economic Calvinists who believe only the deserving are rewarded, has fostered an investment elitism that utterly fails as a basis for fair policymaking. Regardless of the SEC's motive, the idea of creating a plutocracy of privileged millionaire investors is abhorrent.

Take This Prospectus—Please!

Without question, the millionaire privilege should be scrapped. There is, however, a certain danger in advocating this position. Assuming the SEC could be convinced that millionaires are not one whit sharper than other people, the securities cops might conclude that all investors—rich and nonrich alike—need the "protection" of disclosure requirements, and thus the exemption should be repealed entirely. This would be a step in the wrong direction. The present system, although it may seem unfair to the not-so-privileged in taking a *laissez-faire* approach to some privileged investors, at least allows *some* people access to investment opportunities that they would not otherwise have. Partial deregulation is almost always better than none at all.

The transition to a deregulated market would likely be smoother in the securities industry than in almost any other. A diversified market for investment information is already well established.

If pressured into doing something about the elitist nature of the exemption as presently written, the SEC would, unfortunately, probably abandon it altogether. Although the SEC does have congressional authority to widen the existing exemption, this would be a step toward a free market and, once it becomes apparent that a free market works so nicely, of course, it also becomes apparent that the SEC is unnecessary. It would be unreasonable to expect the commissioners of the SEC to reveal, upon their own initiative, the uselessness of their well-paid positions. Employment *hara-kiri* is too noble an act to be demanded of anyone. Congress must take responsibility and revise the Securities Act of 1933.

In fact, dispensing with the Securities Act *in toto* is at least an idea worth examining—although securities lawyers react to such talk as normal people would react to serious talk of dispensing with the earth's air *in toto*. Despite the self-interested ravings of the law industry, however, the Securities Act's disclosure regulations do not efficiently serve their intended purpose: protecting investors by providing them with helpful information. These regulations are based on a premise—that by reading the prospectus an unsophisticated investor can learn the risks inherent in a proposed investment—which is certainly not convincing to anyone who knows very much about

how a prospectus is prepared.

Woven thoughout the average prospectus are caveats, qualifications, and disclaimers, some in red ink, written in the strongest terms possible, which denounce the potential return of the investment and emphasize the risks. Securities lawyers, who usually get the job of preparing the prospectus, do this because it protects their corporate clients from responsibility for any misrepresentation. However, it does not really deter investors to any significant extent. All but the most naive investors glance quickly over these warnings, reading them no more carefully than most cigarette smokers read the Surgeon General's warning each time they reach for a smoke.

Securities lawyers have collectively cried wolf so long they now feel comfortable no one is listening. Behind the warnings on the prospectus is a densely packed abundance of arcane information unintelligible to most people. Hundreds of pages of tiny type, usually written in an extremely unengaging style, drown the few relevant bits of information in a wash of minutiae. The regulations call for completeness of information over all other concerns, including clarity, balanced importance, and accessibility. If the SEC were ever given responsibility for drafting criminal laws, it would no doubt do away with the simple Miranda warning and insist, instead, that each arrestee be given a complete set of criminal statutes and be left to read it on his own.

SECURITIES REGULATION—WHO NEEDS IT?

Because the prospectus is so ineffective in communicating helpful information, its few aplogists have been forced to come up with sort of a "trickle down" theory to justify it. This argument holds that, even though most people gain nothing from reading a prospectus, there are some (no doubt Talmudic scholars) who understand it, and other investors rely on their judgment of the investment, and then more investors rely on these investors...until eventually the market properly moves investment capital to the truly deserving companies.

If the market does, in fact, work this way, then perhaps the SEC's approach is not the absolute failure it might otherwise be. The market may be operating "efficiently" in some utilitarian sense. It is still unfair, however, in the moral sense, to the poor sap not lucky enough to be trickled upon. The average person is not very often privy to what's hot and what's not among the professional investor cliques. By the time information is generally disseminated, there is no more money to be made. The SEC's registration procedure does nothing to benefit the multitude of middle-income people who only invest occasionally.

Securities regulation may be an institution that would instantly be torn apart by an angry mob, but no one can ever find enough people who really understand it to make up a decent-sized mob.

This is why many of these investors turn to private investment counselors for advice. Messrs. Paine, Webber, Smith, Barney, Lynch, Hutton, et al. make up a sizeable industry in the sale of information about investments to people who have found the prospectus to be of no help at all. Even when an investor knows nothing about a particular company, he may feel relatively safe in investing if one of the large investment houses has put the stock on its recommended "buy" list. These houses make it their business to analyze all available investment information, and they would continue to do so even in the absence of government-mandated disclosures.

Companies about to offer stocks would find it in their interest to supply information to these houses (and, indeed, these houses would insist on it) in order to get a favorable recommendation. These private investment houses would fill the need for analyzing investments even if the government required no disclosures on the part of companies making stock offerings, just as these houses are presently filling this need under the current ineffective regulations.

The transition to a deregulated market would likely be smoother in the securities industry than in almost any other industry. The private services ncessary to fill the need previously, though ineptly, filled by the government are already in existence. A diversified, competitive market in the sale of information about investments is well established and operating nicely.

Deregulation of the securities markets has never been a very popular cause. One reason for this may be that many people don't really understand the complexities of the securities industry. Securities regulation, like the electoral college, may be an institution that would instantly be torn apart by an angry mob, except that no one can ever find enough people who really understand it to make up a decent-sized mob.

Another reason the SEC has been quietly tolerated may be that it is one of the least offensive regulatory agencies. For that it should be applauded, but nonetheless it should not be neglected entirely. Other regulatory agencies, as a matter of principle, may be much more offensive to a society of free choice than the SEC, but in practice, misguided SEC policy can have extremely deleterious effects.

A blatantly undemocratic rule such as Regulation D is insulting, a little bit like being splashed with mud by a Rolls Royce. But the entire securities-regulation system, with the prohibitive costs it imposes, is something much worse. It excludes many people from the opportunity to own, each in tiny individual ways but collectively in socially and politically significant ways, a chunk of this country's resources. The SEC, in effect, disenfranchises a large portion of the population from citizenship in Corporate America.

Abolishing government regulation of securities, then, would help reestablish a level playing field for the nonrich and rich alike. It would allow buyers and sellers of securities to set the rules for their transactions—not a group of Washington bureaucrats. And it would give back to the people the right to make their own investment decisions—which is just the way things should be. ◻

Craig Collins is an attorney and free-lance writer in Chicago.

By Warren M. Salomon

When the IRS Comes Knocking

In the Dark Ages it was the Inquisition; in the Third Reich it was the Gestapo; in the USSR it's the KGB; and in this fair land it's the IRS.

The setup: You've been running your own business, and you've been "skimming"—taking money out of your cash drawer and putting it in your pocket. No records of this are kept. Ben Franklin probably did the same thing in his print shop, but in his day there wasn't any income tax.

Now here's the scene: You're at home relaxing. You answer a knock at the door. Two well-groomed young men identify themselves as Special Agents of the IRS, Criminal Investigation Division. A fit of dizziness, and perhaps nausea, overcomes you. Your worst nightmare has come true.

They show you their credentials and ask if you would be so kind as to speak with them briefly. You're taken by surprise (as intended), so you're forced to make an on-the-spot decision.

Foolishly, in the hope of turning aside a potential problem, you agree to let them in. After all, they're such soft-spoken young men. What harm can it do to have a little chat? They're probably just fishing around, and you'll easily outsmart a pair of government clerks.

You seat them in your living room, they refuse your offer of a drink, and then they tell you that as Special Agents, one of their functions is to investigate the possibility of criminal violations of the Internal Revenue laws. Then they read you your rights, after which they politely inquire if they might ask a few questions. In shock, and not wanting to make trouble, you consent.

They soften you up now and ask a few flattering questions about your business, how it's grown, how you did it all by yourself. Then their attitude swiftly changes. They ask if you have gambling winnings, and you say that you don't (mustn't appear disreputable, you know). They ask about sources of tax-free cash that your business might have, and you say that you haven't any (after all, you're not a drug dealer).

You've just thrown away some of your best defenses. Gently, methodically, and without your realizing it, the nice young men are letting you confess that you have no explainable way of living beyond your reported income.

So what's your excuse?

Perhaps you've been daydreaming over the years about explaining it all away by means of "loans" from your distant Uncle Louie. You haven't thought it through very carefully, and you certainly haven't bothered to work it out with Louie. But in your nervousness you mention that he's the source of the funds you've been investing.

For the citizen confronted by Special Agents of the IRS, there is only one course of action to follow: Keep your mouth shut!

"What is his full name?" one of your visitors demands, and then they begin alternating with each other. "His address?" "His phone number?" "His occupation?" The questions have suddenly become sharper, the agents' tone more urgent. You struggle to please them with hastily contrived answers, but the questions continue. "When did Louie transmit these funds to you?" "By cash or check?" "Were there any witnesses?" "Were notes signed to evidence the debt?" "Were gift tax returns filed?" It goes on and on. Your terror grows.

It now dawns on you that the Uncle Louie defense wasn't such a good idea after all, but you've already blurted it out so you're afraid to back away from it. You sense that the IRS will be sending operatives to talk with Uncle Louie in the very near future. You'll try to get to him first, but you wonder if he'll stick his neck out for you.

The gentlemen from the IRS might not explain how easily they can obtain copies of your credit card applications and your bank loan and mortgage applications. On all of those, you supplied a financial statement, and you probably never mentioned the "Uncle Louie debts." A serious omission, because now you're in trouble even if Louie backs you up. It's a crime to defraud a federally insured institution such as a bank or S&L.

Eventually, the interview draws to a close. The nice young men will return to their office and dictate a lengthy memorandum of all that was said. They will do this immediately, while your statements are still fresh in their minds. Both of them will sign it and place it in their file. They will have a trustworthy record to rely upon. You will not.

Suppose later you decide to recant what you told them. You were just making it all up—a big joke. Ah, but that's another problem. Didn't anyone ever tell you it's a crime to lie to a federal official? (Really. Title 18, US Code, Sec. 1001.)

You have just experienced the "initial interview," a technique beloved by Special Agents. They've been preparing for weeks, or even months, building a case against you. They gathered information from informants, from public documents, and from reports filed by banks, stock brokers, etc. They know what it takes to support your standard of living, and they've compared it to the income you've been reporting.

All this groundwork was done *before* the initial interview. When they knocked on your door they weren't groping in the dark. But *you* were.

For the citizen confronted by Special Agents of the IRS, there is only one course of action to follow: *Keep your mouth shut!* Be polite about it, but don't invite them in and don't answer their questions.

And don't worry about making them suspicious. Things are already *way* beyond that stage. Just shut up; and when they're gone, call your lawyer—not your accountant, but your lawyer. This is not a bookkeeping problem you're involved in—it's the real thing.

Pleasant dreams.

Warren Salomon is an attorney and tax specialist practicing in Miami.

By John Dentinger

The Man They Hate At City Hall

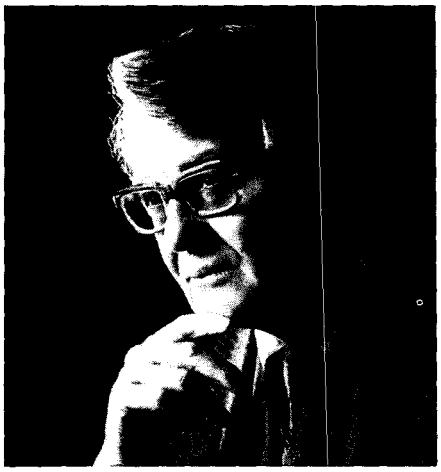
If a man may be judged by the quality of his enemies, Oakland attorney Harold Farrow must be doing a lot of things right. Local governments hate him. Even the city of Oakland, whose current mayor has been a law partner of Farrow's for nine years, isn't nuts about him.

Originally, Farrow's law firm worked for cable television firms that were trying to win municipal franchises. Later, Farrow began litigating to *end* the monopolistic practice of licensing cable TV operators—a practice he calls "the fattest porkbarrel for local government in a long time."

In Oakland, the problem for cable operators was access to poles. General Telephone and Pacific Telephone were making access very difficult, even though both used easements that had been obtained for them by the government. Farrow's firm won a decision in the late '70s that essentially forced the phone companies to grant access on reasonable terms. "If they weren't public utilities," says Farrow, "forcing access could amount to a taking [of property]; but they are."

What about aggressive competitors coming into the market and "cream skimming"—a standard worry? He counters: "Every magazine, every First Amendment publisher, has a targeted audience—that is, it tries to skim the cream of readers. One of the freedoms of the First Amendment is to publish wherever you want, rather than where you're told. The only publication that isn't 'cream-skimming' is *Pravda*."

Farrow won another landmark cable case, in Boulder, Colorado. In the late '70s, the cable firm there was operating only in the "shadow areas" of the city, serving customers with bad broadcast reception. When more diverse programming came in from satellite transmission, the cable operator wanted to expand to serve the whole city. Some local residents wanted the franchise themselves, however, and offered to compete—so the city passed an ordinance taking away the first firm's right to build at all. After several years of the old juridical back-and-forth--injunction, counterinjunction,



Harold Farrow

remanding to lower court—the Supreme Court ruled in 1982 that municipalities are not immune from suit under antitrust laws. More importantly, says Farrow, the lower court affirmed his First Amendment argument and the city signed a consent decree, giving First Amendment stature to cable "publishers."

Farrow, a 1953 graduate of the prestigious Boalt Hall Law School at the University of California at Berkeley, notes the parallel between modern-day regulation of cable and the regulation of the press during England's Tudor and Stuart monarchies. "When the printing press came to England, it was a novelty. Henry VIII recognized the value of it, so he limited the number of presses and the right to be a printer. Franchisees tried to protect their 'rights' by forming a stationers society (like today's National Cable Television Association [NCTA]). Printing was cheap; people learned to read. There was an underground of illegal presses, and a Beadle would search out and destroy them for a bounty. Freedom of the press did not refer to publishers being able to print whatever they wanted, but rather to being able to print *at all*—exactly the situation cable operators find themselves in today."

Congress took Henry VIII's approach in passing the 1984 Cable Act, which not only allows municipalities to license cable operators but also gives operators no presumptive right to renewal of their licenses. Municipalities and the NCTA supported the bill, while Farrow and others fought it. "The worst thing about the Cable Act," says Farrow, "is the franchising concept itself. The idea that you have to buy the right to be a speaker is an intolerable concept. The second worst thing is the concept of programming control. Cable is in a natural position to be a primary reporter on the activities of local government. But it has to be able to report without threat of blackmail, without fear of losing the entire business because it says something that puts the mayor in an unfavorable light."

A later case of Farrow's, *Preferred Communications* v. *City of Los Angeles*, limited the damage of the Cable Act. When the time came to award the cable franchise plum in the largely black south central Los Angeles area, the city preferred someone other than the black-run Preferred Communications. In 1983 Farrow filed suit on First Amendment and antitrust grounds, and the Ninth Circuit Court of Appeals agreed on the First Amendment grounds. The city appealed. The Supreme Court refused to hear the city's appeal, but in a footnote it said that interpreting the cable law to allow only one franchise was an overbroad interpretation of the city's powers. Congress, added the Court, was well aware that such a limit would be unconstitutional.

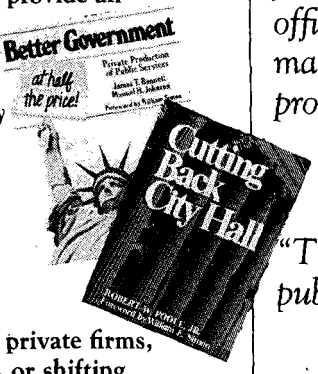
Farrow, a native Texan, notes, "I went into the army when they first put blacks and whites into the service together. In that sort of situation, you develop a feel for the need for free speech to settle the irritations of society with something other than shotguns."

The legal victories are never final ones, Farrow cautions. "The desire to control the press is a human desire. Through most of society it's been controlled, and it's likely to happen again if you don't watch out." Thanks to Farrow's work, "watching out" for such power grabs should be a great deal easier: we'll be able to watch them on cable channels. *Competing* ones.

John Dentinger is a freelance writer and a columnist for the LA Daily News.

LOWER TAXES WITHOUT CUTTING PUBLIC SERVICES?

Face it. The special interests and liberal media are rebounding from the tax revolt. The big spenders are ready for a comeback. Taxes will go up unless concerned citizens provide an alternative to new bureaucratic programs that throw more money at local problems.



But there is an alternative: **privatization** — turning services over to competing private firms, charging user fees, or shifting to private, voluntary mechanisms.

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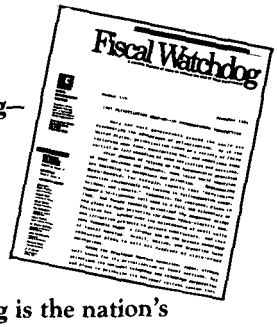

Fiscal Watchdog is the nation's only monthly newsletter on local and state privatization. Every month subscribers enjoy an

in-depth feature article on one particular aspect of privatization, such as private prisons, as well as the latest, up-to-date reports on where different types of privatization are being implemented and how. LGC also has two computerized databases that can list hundreds of jurisdictions where privatization is already in effect and the companies that provide such services.

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Getting Back to the Country

By Bill Kauffman

DAVID NECKER

Every generation or so, the artistic and intellectual mandarins of New York, Washington, and Hollywood rediscover the 2,900 miles and couple hundred million people that compose the rest of this country. A spate of books and movies and congressional resolutions celebrating the land and the salt-of-the-earth types who tend it are sure to follow, until everyone gets bored and goes back to worrying about the trade deficit or snorting cocaine or claiming they buggered Tennessee Williams, or whatever the local fashion may be.

We are now in the middle of such an epoch, which incarnation Ann Hulbert of *The New Republic* has accurately labeled "rural chic." Rustic kultur bombards us from all sides: Garrison Keillor's folk-yuppie Prairie Home Companion on the radio, Establishment-approved hicks-are-cool-too books like Bobbie Ann Mason's *In Country* and Carolyn Chute's *The Beans of Egypt, Maine,* and a passel of three-hanky, farmers-are-struggling-against-all-odds movies, courtesy of various Malibu populists. Much of this is just a bit too reverent for me, and I detect in it a hint of earnest condescension, but you gotta admit Jessica Lange sure beats the hell out of Ma Joad.

The most offensive rural tripe is coming, as usual, from politicians. Indeed, a congressional Populist Caucus, dedicated to "a strong government that fights for the economic rights of all Americans," has sprung up on Capitol Hill. The Populists of the 1880s and '90s had their problems, but at least they were authentic backwoods firebrands. By contrast, the 27 members of the well-scrubbed Populist Caucus include 11 lawyers, 0 farmers, and a grand total of 4 non-college graduates. Predictably, its ideological commitment is indistinguishable from every other special interest that festers on our body politic—more government spending, more regulation, more bureaucracy, blah blah blah. Wanna bet on how many of these ersatz hayseeds would give up an evening at the Kennedy Center for a Saturday night square dance?

These embarrassingly phony tributes to the heartland are depressing because small-town America *is* worthy of praise and attention. The values and attitudes that distinguished this land from the Old World—a healthy, self-reliant individualism tempered by an appreciation of the bonds of family and community, skepticism of centralized authority and a belief in localism and grass-roots democracy—survive still in rural America.

Yet the sturdy values of a simpler, agrarian America are enjoying respectful and inspiring treatment these days—and from a pretty unlikely source. For some of rock and roll's most interesting figures are examining modern America by working within and reshaping its most homespun musical idiom—country music.

These new country artists have burst upon the scene not a moment too soon, for the establishment country music industry is in bad financial shape. Country's troubles are largely due to rock and roll's penetration into the hinterlands—after all, how you gonna keep the young 'uns down on the farm once they've seen MTV? But country artists are also at fault for forgetting their roots and churning out bland, glitzy pap (Kenny Rogers, Barbara Mandrell) that's about as down home as a Las Vegas stage show. As a result, says Nashville manager Bill Carter, "a lot of established country stars...are so caught up in conforming to what...radio stations will play, the new records don't have any life to them."

The new country movement consists of two wings: mainstream rock stars (Neil Young, John Cougar Mellencamp, maybe even Bruce Springsteen) who, to varying degrees, have adopted country arrangements or country-populist themes; and cowpunks—underground artists who've found a kinship between punk rock's anti-authority stance and the ridin'-the-rails, lonesome-heart spirit of the best country music. (Has there ever been a cooler punk than Johnny Cash?)

Now all this might be written off as just another spasm of trendiness, much like the pitiable hipsters who "discovered" reggae music a few years ago

and passed through it blissfully ignorant of its social and cultural origins, unable to distinguish Haile Selassie from Shecky Greene.

But the new country movement has heart. It has soul. It's American, for God's sake. Imagine a fusion of rock and roll's defiant energy with country's soulful traditionalism. Loretta Lynn and George Jones meet Elvis and the Sex Pistols and emerge singing the same great songs about cheatin' hearts and broken whiskey bottles, but spiced with a healthy dash of impudence.

Not many of these bands are overtly political. Those that are, like Austin, Texas's Rank and File and Los Angeles's roots rockers, The Blasters, are classic populists—pro-common man, anti-government and big business, reluctant to advance political solutions. Yet a sense of pride and loss permeates all this music: pride in America's heritage, sorrow that much of it seems to have slipped away.

The lament is stated most forthrightly by Nashville's Jason and the Scorchers:

> All your old habits you've given up too soon
> The time has come to change the tune

That sentiment suffuses so much of this music. America has lost something very precious, though no one's sure quite what. We're no longer the shining city on the hill. All our old habits we've given up too soon. Patrick Henry and Sam Adams are dead and gone. We're stuck with Ed Meese. What went wrong?

Only by searching through our past can we understand our present. So it's no surprise that Bruce Springsteen reportedly spends much of his time these days reading American history books. The Long Ryders perform in front of an old "Don't Tread on Me" revolutionary flag and sing about great Americans from Lewis and Clark to Bear Bryant.

And Neil Young, the renegade ex-hippie who vilified the redneck "Southern Man" 15 years ago as an anachronistic disgrace, wonders on his beautiful new album *Old Ways*:

> Are there any more country families
> Still working hand in hand
> Trying hard to stay together
> And make a stand
> While the rows and rows of houses
> Come creepin' up on the land
> Where the cattle graze
> And an old gray barn still stands
> Are there any more real cowboys in this land?
> Are there any more real cowboys in this land?*

The answer, of course, is yes. The heartland, and even those blighted cities, are still full of genuine, honest-to-goodness rugged individualists with hearts of gold of the sort celebrated by our better beer commercials, cut from the same cloth as our pioneer and revolutionary ancestors.

Yet America has changed considerably since the days of real cowboys. It's not so much that the frontier of Frederick Jackson Turner's thesis has largely disappeared or that a land of hardy farmers has become overwhelmingly urban. Rather (and I hate to drag politics into this but I will) it's just that the whole thing has come to seem so unfair. Whatever happened to the Revolutionary ideals of individual liberty and social egalitarianism? Senators' sons go to Harvard while poor kids are drafted to die in Vietnam. Our "leaders" talk free enterprise and bail out big-shot bankers who make bad loans. A nation born in anti-imperialist rebellion props up dictators around the world.

The temptation to blame America—its people and social traditions—for our government's faults is something that the new country musicians have happily resisted. Whether political or not, each seems to understand that the things worth cherishing in this land (and there are still lots of them) spring from the American character, not the American government. We have a proud heritage—a successful revolt against a colonial master, the taming of a wild continent, a genius for innovation and invention, the flowering of a distinct culture—and we did it all by ourselves, without any European kings or benevolent despots or welfarist governments.

And what better way to explore that heritage than with a steel guitar and a bottle of Jack Daniels? "Country music," proclaimed Tennessee record company president Don Pierce 25 years ago, "is American music. Of the people, by the people, and for the people."

These are some of the better new country bands: Blood on the Saddle, Lone Justice, Rank and File, True Believers, Long Ryders, Jason and the Scorchers, Lonesome Strangers, Dwight Yoakam, The Knitters, The Beat Farmers, Danny and Dusty, Blacky Ranchette. They're good. Take my word for it. Buy their records. Go see 'em. They'll remind you that it's still a pretty neat thing to be born in the USA.

Assistant Editor Bill Kauffman is a cool rockin' daddy in the USA.

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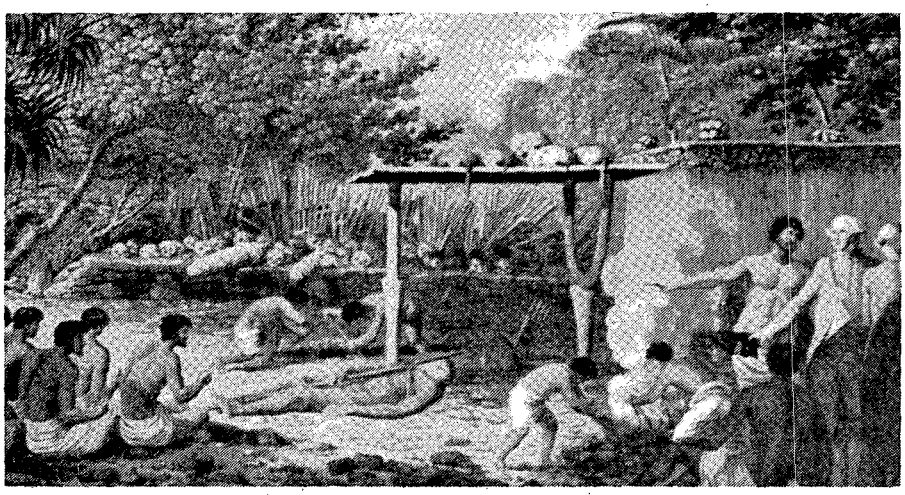
Despotism and Individualism, Hand in Hand

By Robert Nisbet

At the Dawn of Tyranny: The Origins of Individualism, Political Oppression, and the State, by Eli Sagan, New York: Knopf, 406 pages, $19.95

Eli Sagan's *At the Dawn of Tyranny* is an absorbing treatment of one of the most important events in all human history: the simultaneous rise of political despotism on the one hand and individualism on the other. In ancient times that event—repeated over and over at all the great meeting points of peoples, in Asia, Africa, the Middle East, etc.—signalized the loosening at last of the absolute power of kinship authority over individual lives. The rise of political power in the hands of the chief meant for the first time a power in competition, potential or actual, with the clan leader and his assembled council of house-fathers.



The mere fact of the new power, involving as it did individuals under the power, represented some degree of liberation of at least a few individuals from strict kinship role alone, and thus the primordial rise of individualism—in some places, at different times, and in varying degrees of completeness. As both the chief's political power and the consequent limits upon the clan's authority widened, kinship organization diminished accordingly. As Sagan emphasizes, when this functional relationship between the rise of the state and individualism reached a certain point, significant changes of an economic, religious, and social character became evident. Liberations, as it were, of role, function, and creativity followed the first stages of individual liberation from clan leader.

Sagan shows us how the power of the state over kinship, and indeed other prototypical forms of social grouping, actually widens and intensifies characteristically in democracies, whether of the sort exemplified by totalitarian "people's republics" or by pluralist representative governments. What Tocqueville gave magisterial account of in his *Democracy in America*—that is, the vastly greater potential power inherent in government of, by, and for the people compared with the relatively slender power resources that even the most absolute of monarchies can claim—has been a recurrent phenomenon for a long time in the oscillations of political history. The popular element, the real or pretended fawning upon the people occasionally, gave to the Caesars powers far greater than those of the more austere empires and monarchies.

Sagan limits himself for substantive material to the preliterate societies of Buganda, Hawaii, and Tahiti. In this he follows conventional anthropological preference for the preliterate or "primitive" over the historical and civilized, thus perpetuating an unfortunate gulf, now more than two centuries old in Western social thought. Judging from text and bibliography, he seems not to be aware of, or at least interested in, the remarkably cognate events and processes that we can draw out of the epics, sagas, and poems of some of the most ancient of European and Asian peoples, among them the Greeks and Romans. They too, and with a comparative wealth of documentation, underwent at the dawn of history the kinds of centralization of power and individuation of social structure that Sagan writes of with respect to nonliterate peoples. Yet the latter present formidable problems, at best, in the reconstruction of history.

That is why anthropologists have had to rely so often upon psychological stages, processes, and causes in the peoples they have been studying for well over a century. The same kind of intuition and ratiocination that the makers of 18th-century "natural" and "conjectural" histories employed have been employed perforce by a great many evolutionary anthropologists in their reconstructions of the stages and epochs assertedly undergone by countless primitive peoples, all devoid of written records. And that is why, too, such peoples—whose actual existences on earth are presumptively at least as long as the existences of Europeans, Asians, etc.—become "our contemporary ancestors." And that is why, finally, we have the many and variant evolutionary panoramas of Turgot, Condorcet, Comte, Bachofen, Tylor, Marx and Engels, Morgan, Spencer, Bagehot, and Ward among the old boys and in our day of White, Murdock, Parsons, Lenski, Bellah, and the ubiquitous and ever-devout Marxists among the new boys, all competing, all insisting, in virtually the same words: This alone is the only true evolution of society; come to me.

But the esthetic in us can sometimes be stimulated by superior artistry here and there among the lunges made for the real and authoritative science of man. Sagan's treatment of his primitives is exemplary in this respect. He seems to me to take us just as far, and as excitingly, on his journey into the past and imagined

Incorporate Yourself — The Smart Way for Little Guys to Get Rich and Live Tax Free

To make big money you don't need a get rich quick scheme.

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It's a matter of the right do-it-yourself, do-it-at-home, do-it-in-your-sparetime strategies. The solution is starting a small incorporated business, termed by many experts "the most powerful tax shelter in America," and you can form a corporation with or without employees. Or even a business as such. All you need is a business purpose.

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In fact, Job #1 for all smart thinking Americans should be to use tax laws in their favor, without cheating, or tax protests and questionable loopholes. The first strategy is to make tax deductible what you already spend. For example, there are seven ways in the tax code to turn vacations into a tax deduction.

A remarkable book shows you all you need to know to take that important first step. It's called *How to Form Your Own Corporation Without a Lawyer for Under $50* by best-selling author Ted Nicholas.

The book provides many ideas that will stimulate you to make money. One way is to become a consultant. This way you create a valued business purpose. And everyone is good at something. Or you can run a business from your home part time.

If you have children or other family members that can work for the home corporation, there are great advantages. Instead of paying allowances, have the kids clean the business office, wash the business car, or stuff envelopes. The money you would have given them anyway adds up to a $1,420 tax deduction. And the tax code says you don't have to pay social security or federal unemployment on family members.

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It's no wonder that according to *Wall Street Journal,* over 50,000 people a month are incorporating themselves and gaining tax and other benefits others only dream about.

This handsome, oversized 8-1/2" x 11" book contains all the tearout forms you need, including a Certificate of Incorporation, Minutes and By-Laws. Just fill out the forms according to the simple step-by-step instructions and mail them in. Right off, you'll save from $300 to $2,000 in legal fees. And in a few days, you'll have your own legally recognized corporation. And, you can begin to take advantage of a host of benefits like:

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The book also reviews the pros and cons of different types of corporations, including Chapter S, non-profit professional...How to operate a corporation anonymously... How to turn an existing business into a corporation...How to sell stock in your corporation that is tax deductible in case of loss, making it more attractive to potential backers.

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past as anyone I've read.

As I noted above, there is common recourse in this type of endeavor to the psychological, given the lack of historical records of consequence. Sagan treats us to psychoanalytic states, processes, and causes. He does this in a generally sophisticated way; he is never crudely deterministic; he has a sense of limits. But it is entirely characteristic of a tradition going back to Comte that he nevertheless sees psychological states and changes in the individual—as he is observed chiefly in psychiatric clinics—as the motor causes of social and historical developments. And he comes very close indeed to that most favored of all concepts, or myths, in social evolutionary writ: Phylogeny recapitulates Ontogeny. That is, the evolution of the group may essentially be seen in terms of the development of the individual psyche.

I like the book. It has been years since I've seen anything in this canon as sprightly and charming. It makes the best of reading. But if readers desire to go beyond the "as if" school, seductive as it is in the esthetic and psychogenic realms, to some actual, observed, and well-recorded instances of the rise of political despotism and the accompanying emergence of individualism, together with all the cultural trimmings, I recommend the glory that was Greece and greatness that was Rome; that is, I recommend these among historical nations whose beginnings were attended by song and poetry and, shortly, by historians like Hecateus and Herodotus, not to overlook dramatists like Euripides and Sophocles.

From these historical peoples and ages we shall discover that, fundamental to the events and processes that Sagan teases out of the psyche, is the phenomenon of war. War, for good and bad, right and wrong, justice and injustice, has over and over in human history been the decisive cause of the elevation of chief over clan elder, of individualism over strict conformity, and of the secular over the sacred. Not the sons' lust for mother but rather their lust for war is probably the best metaphor to epitomize the sons' challenge of paternal authority. To this day, it is surprising how much combined release, stimulation, freedom, as well as community lie in war.

Robert Nisbet's Conservatism: Dream and Reality *will be published this spring.*

The Maternal State and Justice as Dessert

By Randall R. Dipert

***Equality and Liberty*, by Kai Nielsen**
Totowa, N.J.: Rowman & Allanheld, 320 pages, $29.50

Kai Nielsen's *Equality and Liberty* is not the kind of book likely to be read with joy by any friend of liberty. It is a long, abstruse defense of what Nielsen terms "radical egalitarianism," which for him describes a society characterized by an almost completely equal distribution of power and economic goods. He argues that in postindustrial societies this egalitarian goal can only be reached with a socialism that would make, for example, Sweden pale in comparison. Not surprisingly, then, he hails the "progress" being made in Nicaragua and Zimbabwe.

It is a promising sign that various limited-state views have come of age when even a tract such as this one must attempt to defuse them.

Yet within these pages, at times clever and even cute and at other times sloppy and ponderous, are some concessions that should warm the cockles of an individualist's heart. Unlike doctrinaire Marxists and many leftists, Nielsen argues that the protection of basic, noneconomic human rights, and the concept of a human right itself, is a valuable first step in the attainment of justice. He goes to some lengths to allow for the possibility that a person might be rewarded for hard work and possess private property. These may, of course, seem like very small bones indeed, tossed to satisfy common sense, but in the rarified atmosphere of academic leftish political philosophy (especially in Canada, where Nielsen lives), they are concessions to be noted and treasured.

Like much philosophy being written these days, this book would be Greek to anyone not intimately familiar with the most stylish names, views, and turns of phrase in contemporary academic philosophy. The problem of readability is here especially severe, since this is a book written by someone who is constantly looking over his shoulder: to philosopher John Rawls, whose weak-kneed method of "considered judgements" and "reflective equilibrium" he laboriously defends and borrows and whose theory of justice as fairness he regards as insufficiently egalitarian; to Robert Nozick, whose racy defense of a limited state and of justice as the protection of basic rights he totally rejects; and to a host of others in the modern pantheon.

Nielsen is pessimistic about the prospects for an "objective" ethics, or even for any systematic moral theorizing from basic principles. This "subjectivist" piecemeal view of morality—an "infection," one is tempted to say—has little positive evidence for it other than its practitioners' disappointment that moral theory is not so quick and easy (like physics or logic) as they had once hoped in adolescence.

Given Nielsen's hasty retreat from systematic moral theorizing in the tradition of Aristotle or John Stuart Mill, his attraction to the extraordinarily tentative method of Rawls's "considered judgements" is not surprising. A consequence for the organization of this book is a smorgasbord approach to moral theorizing, picking scraps from organized theories according to whether they match or conflict with these intuitions. In the hands of a Rawls, this leads to tepid conclusions indeed—a defense of a Johnsonian Great Society. Nielsen, one must admit, at least uses the method to arrive at more lively conclusions.

Nielsen's obsessive excursions into the weaknesses and strengths of other theories obscures to the point of invisibility what he believes are reasons for his own radical egalitarianism. So far as I can determine, he offers but two reasons for his thesis that only a radical egalitarianism properly provides for true justice.

Nielsen believes, first, that the very different life prospects for equally talented and energetic children of a black, slum-dwelling, single parent and

of white Scarsdale professionals conflicts sharply with "our sense of justice." There are many on the political right who feign to be unperturbed by such scenarios, but I for one do find that they conflict with deep moral intuitions. But is this sense of wrongness to be located precisely with the concept of *justice* and with what governments can and should do something about? Shouldn't we separate our ethical from our political "intuitions"? And, once this is done, isn't it an open question whether we really have any distinctively *political* intuitions about justice? Isn't it more likely that many "political" considered judgements are just confused *ethical* intuitions, derived from treating the state as an individual who must do what is "right"—like a mother distributing dessert to her children?

Second, Nielsen believes that their lack of power and authority creates in most citizens of industrialized capitalist societies a grievous loss of self-respect and moral autonomy. A great many leftist political theories, of course, arise from making self-respect (or a similar concept) the *summum bonum* of life, then arguing that capitalism wantonly creates a loss of self-respect and that some other arrangement would greatly enhance it. Such views can be seen in Karl Marx, Tom Hayden, and John Rawls, to name a very diverse few.

The concept of self-respect is rarely looked at too closely, however, and the major premises concerning what supposedly enhances or destroys it are highly suspect. Did the almost total lack of power and authority Mozart had over his life—however annoying and even destructive it was—really lead to a loss of self-respect? Do inherited millions really translate smoothly into healthy self-respect for children of the high and mighty? Aren't we as human beings far more resilient than these nervous Nellies tell us we are? Haven't we for thousands of years often cultivated a sense of self-respect and of moral autonomy in the most unlikely settings? Is others' power over us always so damaging?

The most outrageously naive claim Nielsen makes is that participation in a democracy greatly enhances one's self-respect. Therefore, democratize everything, especially the economy. He specifically glories in the right that he, as an ordinary Canadian citizen, has over the operations of the Canadian Broadcasting Corporation through a citizen's letter of concern.

What people, however, are absurd

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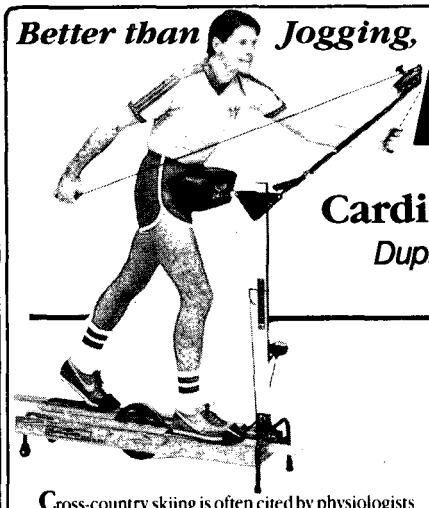

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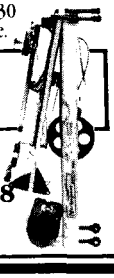

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enough to derive their self-respect from having their letters serve as the make-work fodder of a nameless professional letter-reader in a gigantic bureaucracy? The sole consolation, it seems, is that no one has any *more* power. But does this really enhance self-respect? If self-respect is indeed a primary good, much homework needs to be done on what exactly it is and what enhances it. Nielsen and others have told us only tall tales, with self-respect as a central buzzword.

It is a promising sign that various limited-state views have come of age when even a tract such as this one must attempt to defuse them. Nielsen takes on only Nozick's arguments for the limited state, dismissing defenders such as Jan Narveson, Eric Mack, Tibor Machan, and Antony Flew as "*epigoni*" (undistinguished imitators) of, and "bulldogs" for, Nozick. (Amazingly, the name of distinguished philosopher and one-time presidential candidate John Hospers is not even mentioned.)

Even if some attention is better than none, such remarks are surely the low-water mark in criticism of philosophies that build a case for the "limited state." They also reveal a massive ignorance. Not only were the views of these figures published well before those of the trend-setting Nozick (no fault of Nozick's), but to group the neo-Aristotelian theory of Machan with that of Nozick is sloppy to the point of being unprofessional. The name-calling could be mildly amusing if Nielsen had some grip on his scholarship.

Randall Dipert teaches philosophy at the State University of New York College at Fredonia.

quotable quote

■ *Some months ago, when the bomb was still only a rumour, there was a widespread belief that splitting the atom was merely a problem for the physicists, and that when they had solved it a new and devastating weapon would be within reach of almost everybody. (At any moment, so the rumour went, some lonely lunatic in a laboratory might blow civilisation to smithereens, as easily as touching off a firework.)*

Had that been true, the whole trend of history would have been abruptly altered. The distinction between great states and small states would have been wiped out, and the power of the State over the individual would have been greatly weakened. . . .

. . . Though I have no doubt exceptions can be brought forward, I think the following rule would be found generally true: that in ages in which the dominant weapon is cheap and simple, the common people will have a chance. . . .

Had the atomic bomb turned out to be something as cheap and easily manufactured as a bicycle or an alarm clock, it might well have plunged us back into barbarism, but it might, on the other hand, have meant the end of national sovereignty and of the highly-centralised police state.

—George Orwell
Essays, Vol. IV

Old-Fashioned Optimism

By John Ahrens

***Footfall*, by Larry Niven and Jerry Pournelle**
New York: Ballantine, 495 pages, $17.95

Footfall is a novel that breaks no new ground for science fiction or for Larry Niven or Jerry Pournelle. The plot is very similar to *Lucifer's Hammer* (1977). Reports are that *Footfall* is the novel that Niven and Pournelle intended to write before they were persuaded to leave out the aliens and convert *Lucifer's Hammer* into a mainstream disaster novel in which Earth collides with a comet. And the characters are familiar to anyone who has read *The Mote in God's Eye* (1974), their earlier novel of alien threat. But *Footfall* is certainly what science fiction fans like to call a "good read," and it is a book that raises important philosophical issues in an entertaining context.

Footfall stands squarely in a long tradition of alien-invasion novels. The aliens, who bear a marked resemblance to baby elephants, are apparently implacable. They possess technologies of war far superior to those of Earth. But they are here not simply to conquer and despoil; they are here to make a home on Earth and to incorporate human culture into their own. They are our enemies and a serious threat to our survival, but their motivations are not entirely unlike our own.

Those who have read even one of Niven and Pournelle's earlier novels will know how *Footfall* is going to end even before they open the cover. They write a very humanistic-cum-optimistic kind of science fiction. They believe that human beings can and will accomplish great things, albeit with considerable whining and foot-dragging and conniving along the way. It is simply inconceivable that they would write a novel in which the human race is conquered, or even held in check, by another species.

The source of the strength that will allow humanity to defeat the invaders is manifest very early in the novel. Niven and Pournelle hold some rather eccentric views about politics and human nature, but the core of these views is a straightforward kind of individualism. They usually portray human beings as the very antithesis of herd animals and political freedom as a kind of centrifugal force that guarantees that the species, through its individual members, will be moving in every possible direction at once. This restless energy and the social chaos it produces is what ultimately defeats the invaders, who *are* herd animals.

The aliens and human beings differ in one fundamental way. No matter how closely integrated into a community they become, individual human beings generally do not completely give over their will to the community. When they do—in, for example, a religious cult—we are inclined to condemn them on both psychological and moral grounds. That is, we think them mentally deficient because they lack a will of their own and morally deficient because they have abdicated responsibility. The social contract that binds human communities must be continually reaffirmed by each member, and we recognize all sorts of good reasons (as well as bad ones) for refusing to do this.

The alien invaders of *Footfall* are the polar opposites of human beings in this respect. For them, an individual who refuses to submit his will to that of the group, or who reneges on the social contract after he has entered into it, is thought to be insane. The psychological

and moral bonds of the social contract are absolute and irrevocable.

This works to the benefit of the humans in some rather obvious ways and serves to convey the not terribly original message that freedom is better than the security of the group; in other words, that capitalist democracies are better than collectivist tyrannies; in other words, the United States is a better place to live than the Soviet Union. This message is driven home by the fact that the Soviets really don't contribute much to the defeat of the aliens.

But this message is no less important for being obvious, and Niven and Pournelle have a flair for reducing philosophical principles and concepts to human dimensions. Mystery novelist John D. MacDonald, in his cover blurb for *Footfall*, calls it a "good, old-fashioned invader-from-space story, with noble and ignoble Earthlings scrambling for cover." And this is right on target. *Footfall* is old-fashioned because it is optimistic about human nature and human freedom and, more importantly, because it is historical. It is "about" the present, but it looks explicitly and unabashedly to fundamental and perennial human concerns—courage and cowardice, personal responsibility, freedom and oppression—for an understanding of the present. (This is so old-fashioned that I feel a bit decrepit just typing the words.)

Niven and Pournelle hold some rather eccentric views about politics and human nature, but the core of these views is a straightforward kind of individualism.

Footfall is a story about an enormous number of Earthlings both noble and ignoble. (The *dramatis personae* lists 117 characters.) In their last novel, *Oath of Fealty* (1981), Niven and Pournelle let the philosophical message take over the story. *Oath of Fealty* was less about human beings than it was about technological wonders that would make political and spiritual liberation cheap and painless.

Footfall avoids this trap that is so common in science fiction. The philosophical message is embedded in a diverse collection of human beings who must make difficult decisions and carry them out with very little help and, quite often, with thoroughly inadequate tools. The invisible hand is very much at work. The politicians and military leaders who are explicitly concerned with saving humanity play their part, but so do the rogues and misfits and ordinary folks who are just trying to stay alive.

Footfall tells a predictable story not because the authors lack imagination but because they are guided by a philosophical view of the world that is both cogent and familiar. Those who find the philosophy appealing will enjoy the book, because it is a detailed and concrete illustration of the philosophy. Those who do not find the philosophy appealing will not enjoy the book, for the same reason.

John Ahrens is the assistant director of the Social Philosophy and Policy Center at Bowling Green State University.

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■ ***How to Make Nuclear Weapons Obsolete, by Robert Jastrow, Boston: Little, Brown, 175 pages, $15.95.*** Are you exasperated by the debate over the "Star Wars" defense initiative? Do you have trouble distinguishing an excimer laser from a neutral particle beam? Do your eyes glaze over when the debate turns to fast-burn boosters, decoys, and other hypothesized countermeasures to defeat the defensive shield envisioned by Star Wars proponents?

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In addition, Jastrow, a proponent of the Star Wars technology, provides a point-by-point assessment and rebuttal of the counterarguments raised by such groups as the Union of Concerned Scientists. The scientific community *is* divided on nuclear strategy, but Jastrow's discussion helps us to sort out political arguments from technical ones.

As a regular reader of *Aviation Week and Space Technology* and other defense esoterica, I thought I wouldn't get much out of Jastrow's book. I was wrong. If you want a single, understandable, technically sound primer on defenses against nuclear attack, *How to Make Nuclear Weapons Obsolete* fills the bill.

—Robert W. Poole, Jr.

■ ***Elegy for a Soprano, by Kay Nolte Smith, New York: Villard Books, 277 pages, $14.95.*** Kay Nolte Smith's novels are the only books I'm unable to take with me to work for aesthetic refreshment during lunch—the mere presence of one on the corner of my desk throughout the day causes such stress in resisting the urge to reenter its captivating ambiance that I accomplish little work. Smith's books follow in the tradition of Ayn Rand's *Atlas Shrugged* and *The Fountainhead*, populated by characters somewhat less imposing though equally concerned with ideas involving individualism, reason, and integrity.

Her most recent, *Elegy for a Soprano*, is no exception. A unique whodunit, the central question is not who murdered opera superstar Vardis Wolf but who *didn't*, since four have confessed to the crime. The book's theme is a variation of one explored in Smith's award-winning first book, *The Watcher*, and deals with the evil of those who seek to crush others' individuality. Smith thus raises the question whether the geniuses and great artists of the world should be held to the same standards of behavior as everyone else, or whether their brilliance and greatness justify special allowances. The danger is, as one of the main characters explains, "If you let them get away with something, eventually you'll let them get away with . . . anything."

—Kelly Ross

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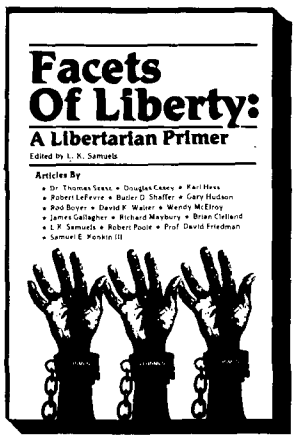

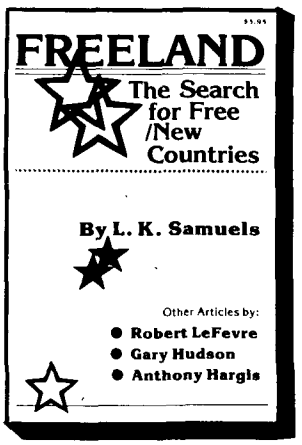

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viewpoint

By Scott Hodge

Lessons from Saturn

In 1982, General Motors set out to create the "automobile plant of the future." The result was Saturn Corporation, an "all-out effort to achieve maximum efficiency manufacturing" that could serve as the prototype of a new wave of world-competitive industry in the United States.

In January 1985, Saturn Corporation announced plans for its first auto-assembly plant, a $3.5-billion facility that would employ 6,000 workers directly and support an additional 10,000 supply jobs in the vicinity. The announcement triggered a bizarre chain of events as officials from 37 states began assembling larger and larger packages of tax breaks, subsidies, and promises of special regulatory treatment.

In July, when the end to this madcap episode was near, five states (including Illinois) were reported to still be in the running. But when the dust cleared, a state that had never even submitted a bid was declared the winner. Tennessee was Saturn's new home.

Officials in Illinois—a state that has seen virtually no economic growth for 15 years—were strangely silent on their failure to attract so important an investment. But Illinois's loss and Tennessee's victory provide us with a case study of the different ways states approach economic development and the devastating effects a hostile tax climate can have on new investment.

It's hard to imagine what short-term subsidies, tax breaks, and special exemptions Illinois officials did *not* offer Saturn. State officials committed the taxpayers of Illinois to *buy* a plant site for GM, to build and support an "education and community center" for Saturn employees (at an expected cost of $100 million), to build and subsidize new schools in the area ($50 million over five years), to subsidize home mortgages for new employees, to help recruit and screen potential employees, and to pay for all the new roads and sewers required by the factory.

Tennessee, on the other hand, never set foot in the bordello. In the words of Gov. Lamar Alexander, the state "did nothing—and still landed the Saturn plant." There were no delegations of high-ranking religious and political figures holding press conferences in Detroit, no free schools, free houses, free roads, or free sewers. "There are no tax breaks or free giveaways...and GM never asked for any," said Theodore J. Von Cannon, deputy commissioner of Tennessee's Economic and Community Development Department.

RICHARD DOWNS

Saturn Corporation was looking for something that most states just don't have. "The bottom line for us is that we are looking for a site where we can produce a small car inexpensively and do it on a long-term basis," Saturn spokesman Stan Hall told *Newsweek* earlier this year. "We're more interested in that than in some quick fix a state can offer."

Two recent studies indicate just how public policies in Illinois discourage investment and long-term economic growth. The 1985 survey of states' manufacturing business climates conducted by Alexander Grant & Co. reveals that in many ways, Illinois is on a par or slightly better than Tennessee. But in seven categories "strongly influenced by state or local government," Illinois ranks far behind Tennessee.

For example, Illinois pays an average of $381 in unemployment compensation benefits per covered worker per year. Tennessee pays just $173. Similarly, in Illinois the maximum weekly workers' compensation benefit is $463, while in Tennessee it is $136.

Illinois also fares poorly in a recent study by economist James L. Johnston of Chicago's Heartland Institute. Johnston maintains that Illinois businesses are hurt by its personal income tax (Tennessee has none) and its high unemployment compensation rates. Moreover, Illinois still uses the "unitary" method of calculating corporate income tax; under this plan, businesses are taxed on their successful operations in other states, though those subsidiaries receive no services in Illinois. Tennessee, on the other hand, does not use the unitary tax; according to Governor Alexander, that was a factor in GM's decision.

These studies of Illinois's business climate, coupled with Saturn's expressed concern with long-term tax and regulatory policies, should make it clear that Illinois's mistake was to offer specific, short-term incentives to the new business. What Saturn wanted, and what all other industries considering locating or expanding want, are lower taxes, fairer tax administration, and lower labor costs.

The campaign for the Saturn plant raises a further question: should taxing and spending policies be manipulated to favor a few large, highly visible companies, or should these policies be reformed to create a business climate where all companies, large or small, have an equal chance of prosperity?

For the 37 states that bid for the Saturn plant and lost, the lesson to be learned is that they must stop playing with short-term gifts and begin changing the things that really matter. Tax rates, regulations, labor rules, and government debt affect all businesses in the long run. When states like Illinois start making real improvements in their business climate, they will be in the enviable position of having to "do nothing" to become the home of the next Saturn plant.

Scott Hodge is a research associate of the Heartland Institute, a nonpartisan center for public-policy studies in Chicago.

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- The Franklin half dollar was discontinued in 1963 before the silver hoarding of 1964 began, so it is likely fewer were saved. (Many experts believe so many Kennedy halves were saved that they will **never** be scarce!)
- The Franklin half dollar was the largest silver coin of its era, and the lowest mintage type coin during the years it was issued. As future collectors seek to complete their collections, the Franklin half will be the most desirable and difficult type coin to obtain.
- The Proof specimens of the Franklin half dollar are especially scarce– fewer than one third as many as Proof Kennedy half dollars. And more Proof Kennedy halves are issued each year!

The most desirable of all Franklin half dollars are Proof specimens, specially minted to be the finest examples of the mintmaster's art. Coin blanks are cleaned and polished to assure the sharpest impression. Dies are inspected to verify that they are perfect, then highly polished and wiped periodically during the minting process. The blanks are hand fed into the coinage press individually, and each coin is struck twice, at slow speed with extra pressure to insure that the utmost quality is achieved. The finished proof coins are inspected at the Mint and sealed in special holders.

When we last offered Proof specimens of Franklin half dollars in early 1984, our price was $345 per "roll" of 20 coins. At that time we noted that other national firms were charging as much as $395 per roll.

Today, according to *Blanchard's Market Alert*, "these same coins are selling for $650 per roll. . . when you can find them!"

You Save with Liberty Coin Service!

Thanks to the superior bargain hunting ability of our buyers, Liberty Coin Service is able to offer Proof Franklin half dollars at the remarkable price of $395 per roll! That is virtually the same price that many firms charged in early 1984!

What's more, our quality is unsurpassed. We offer Proof Franklin halves still packaged in the original polyethylene containers as sealed by the U.S. Mint!

Act Quickly. We will hold these prices so long as our supplies last, but our supply is limited. Orders will be filled on a first come, first served basis, so don't delay.

To Reserve Your Purchase call us Toll Free at (800) 321-1542. (Alaska and Michigan call (517) 351-4720.) Or return the coupon with your check or money order.

Yes!

Please send me the Proof Franklin half dollars I have indicated below:

_____ "Rolls" of 20 in original packaging @ $395 = _____

Postage and Handling = $5.00

Total Enclosed = _____

Name _____

Address _____

City/State/Zip _____

Phone _____

Liberty Coin Service
300 Frandor Avenue, Lansing, MI 48912
Toll Free 800-321-1542
Alaska & Michigan (517) 351-4720

Liberty Coin Service has served investors with lowest prices and immediate shipment of precious metals and rare coins since 1971. You can call Liberty Coin Service toll-free at (800) 321-1542 for quotations on any rare coin or precious metals item, or for an introductory packet of information.

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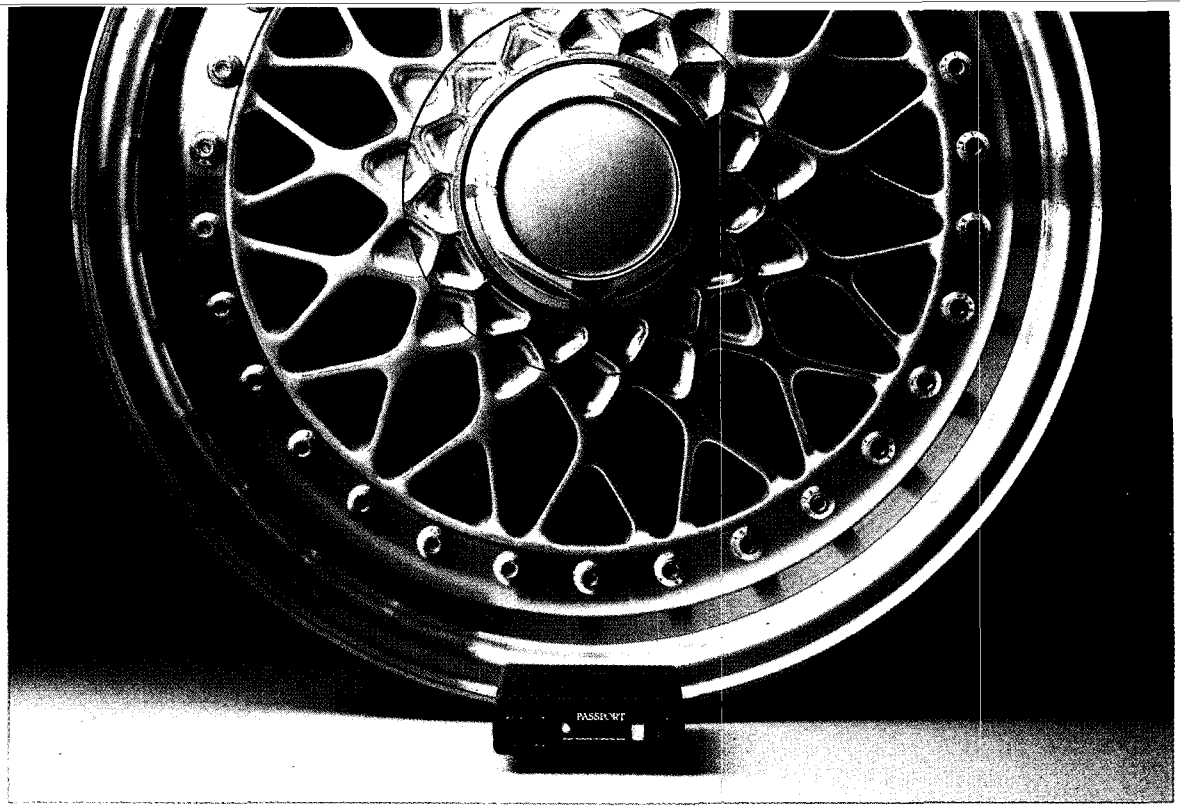


Small Wonder

It's here, *pocket-size* radar protection.

Imagine a superbly crafted electronic instrument, powerful enough to protect against traffic radar, miniaturized enough to slide into a shirt pocket, beautiful enough to win an international design award.

Small means nearly-invisible protection

That could only be PASSPORT. It has exactly what the discerning driver needs, superheterodyne performance in a package the size of a cassette tape.

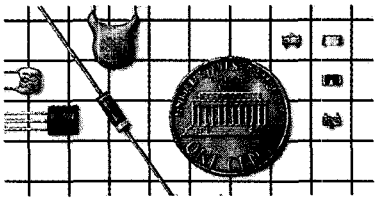
This miniaturization is possible only with SMDs (Surface Mounted Devices), micro-electronics common in satellites but unprecedented in radar detectors. It's no surprise that such a superlative design should be greeted by superlatives from the experts.

"In a word, the Passport is a winner," said *Car and Driver.*

The experts report excellent performance. Simply switch PASSPORT on and adjust the volume knob. Upon radar contact, the alert lamp glows and the variable-pulse audio begins a slow warning: "beep" for X band radar, "brap" for K band. Simultaneously a bar graph of Hewlett-Packard LEDs shows radar proximity.

As you get closer, the pulse quickens and the bar graph lengthens. Should you want to defeat the audible warning during a long radar encounter, a special switch provides silence, yet leaves PASSPORT fully armed for the next encounter. A photocell adjusts alert lamp brightness to the light level in your car. PASSPORT was designed for your protection *and* your convenience.

Small means the size of a cassette tape



In PASSPORT, 102 SMDs (right) do the work of ordinary transistors, resistors and capacitors.

PASSPORT comes with a leather case and travels like a pro, in your briefcase or in your pocket—to the job for trips in the company car, on airplanes for use in far-away rentals. Just install on dashtop or visor, then plug into the lighter. PASSPORT keeps such a low profile. It can be on duty without anyone noticing.

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One more PASSPORT convenience—call us direct. It's toll free. We make PASSPORT in our own factory and we'll be happy to answer any questions you may have. If you decide to buy, we'll ship your PASSPORT within 24 hours by UPS, and we'll pay the shipping. For an extra $6.00, Federal Express guarantees 48-hour delivery.

If you're not satisfied within 30 days, return PASSPORT. We'll refund your purchase and your return shipping costs. There are no hidden charges.

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